



SERVALAKSHMI PAPER LIMITED

11th *Annual
Report*
2015-2016

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Annual General Meeting on Friday, the 30th September 2016 at 10.00 a.m
Book Closure Dates: 24th September 2016 to 30th September 2016 (Both days inclusive)

SERVALAKSHMI PAPER LIMITED

CIN: L21012TN2005PLC092783

BOARD OF DIRECTORS

<i>Executive Chairman</i>	Sri. R. Ramswamy (DIN - 00010572)
<i>Managing Director</i>	Sri. Y. Shivaram Prasad (DIN - 00010734)
<i>Directors</i>	Sri. D. Muthusamy (DIN - 00010588) Sri. S. Srinivasaragavan (DIN - 00233784) (Upto 07.10.2015) Sri. V.S. Pattabiraman (DIN - 00784247) Sri. B. Sriramulu (DIN - 00002560) (Upto 01.07.2015) Smt. Nithya Nirupama (DIN - 02130272) (Upto 13.07.2015)
<i>Statutory Auditors</i>	M/s. S. Krishnamoorthy & Co. Chartered Accountants Coimbatore ICAI Registration No.01496S
<i>Cost Auditor</i>	Sri.S.Thangavelu Cost Accountant
<i>Registrar & Share Transfer Agents</i>	Link Intime India Private Limited “Surya”, 35 Mayflower Avenue, (2nd Floor) Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641028.
<i>Registered Office & Plant Location</i>	Kodaganallur Village, Vaduganpatti Post, I.C.Pettai, Tirunelveli - 627 010. Web site : www.servalakshmi.in
<i>Corporate Office</i>	31 (Old No. 10-Z), Bharathi Park, VII Cross, Saibaba Colony, Coimbatore - 641 011, Tamilnadu, India
<i>Bankers</i>	Indian Overseas Bank Bank of India

Notice to Members

NOTICE is hereby given that the 11th Annual General Meeting of the Shareholders of the Company will be held on Friday, 30th September 2016, at 10.00 AM at Hotel RR INN, Old Madurai Road, Tirunelveli Junction, Tirunelveli -627001 to transact the following business:

AGENDA

I. Ordinary Business

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March,2016, together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in the place of Mr. Y.Shivaram Prasad, (DIN: 00010734) who retires by rotation and being eligible, offers himself for re-appointment.
3. To ratify the appointment of the Auditors and to fix their remuneration and in this regard to pass the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 139(1) & 142(1) of the Companies Act, 2013, the appointment of M/s.S.Krishnamoorthy & Co, Chartered Accountants, Coimbatore, having Firm Registration No.001496S as the Statutory Auditors of the Company for the financial year 2016-17 be and is hereby ratified, to hold the office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting, on such remuneration as may be determined by the Board of Directors of the Company.”

II. Special Business

4. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) Mr.S.Thangavelu, Cost Accountant (Membership No.11315) appointed as Cost Auditor by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2017, on a remuneration of Rs.50,000 (Rupees Fifty Thousand Only) (exclusive of service tax and out of pocket expenses) be and is hereby ratified and confirmed”.

"RESOLVED FURTHER THAT the Board of Directors of the Company be is hereby authorised to do all such acts, and all such steps as may be necessary, proper or expedient to give effect to this Resolution".

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5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Ordinary Resolution:

“RESOLVED THAT in accordance with the provisions of Section 196, 197 read with Schedule V and other applicable provisions of Companies Act 2013, the consent of the company be and is hereby accorded to the re-appointment of Sri.Y.Shivaram Prasad (holding DIN:00010734)) as Managing Director of the Company, for a further period of 3 (Three) years with effect from 1st January , 2017 as recommended by the Nomination and Remuneration committee at its meeting held on 09.08.2016, without any remuneration”.

STATEMENT PURSUANT TO THE SECTION 102 OF THE COMPANIES ACT, 2013 ANNEXED TO THE NOTICE

Item No. 4

The Board of Directors, at its meeting held on 30th May 2016, on the recommendation of the Audit Committee, approved the appointment of Mr.S.Thangavelu, Cost Accountant as the Cost Auditor of the Company for the financial year 2016-17 for a fee of Rs. 50,000/- for conducting the audit of the cost accounting records of the Company, plus out of pocket expenses & service tax as applicable.

Section 148(3) of the Companies Act, 2013 read with Rule 14(a) of the Companies (Audit and Auditors) Rules, 2014 (“the Act”), requires the Board to appoint an individual, who is a cost accountant in practice or a firm of cost accountants in practice, as cost auditor on the recommendations of the Audit committee, which shall also recommend remuneration for such cost auditor and such remuneration shall be considered and approved by the Board of Directors and ratified subsequently by the shareholders.

The resolution contained in item No.4 of the Notice, accordingly seeks the members approval for ratification of remuneration of the Cost Auditor of the Company for the FY 2016-17.

The Board recommend the Ordinary Resolution as set out at item No 4 for the approval of the Members.

None of the Directors and Key Managerial Personnel are concerned or interested in this resolution.

Item No. 5

The tenure of Office of Sri.Y.Shivaram Prasad as Managing Director of our company expires on 31st December 2016. Considering the responsibilities shouldered by him and the valuable services rendered by him to the Company, the Board of Directors at their meeting held on 9th August, 2016 have re-appointed Sri.Y.Shivaram Prasad as Managing Director of the Company for a further period of 3 years with effect from 1st January, 2017.

As per the provisions of section 196, 197 read with Schedule V and other applicable provisions, if any of the Companies Act, 2013, the re-appointment shall be subject to the approval of the shareholders of the Company in the General Meeting.

Hence the necessary resolution is placed before the members for their approval.

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The Board of Directors recommend the Ordinary Resolution in Item No.5 of the Notice for the approval of the members of the Company. Except Sri.Y.Shivaram Prasad, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No.5.

By order of the Board
For Servalakshmi Paper Limited

(Sd/-)

R. RAMSWAMY

Executive Chairman

(DIN : 00010572)

Coimbatore
9th August, 2016

NOTES:

1. **A member entitled to attend and vote at the Annual General Meeting (“the meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the meeting. A proxy form for the Annual General Meeting is enclosed**

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. Members / Proxies should bring the attendance slips duly filled and signed for attending the meeting.
4. Details under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Secretarial Standards issued by ICSI in respect of the Director seeking re-appointment at the Annual General Meeting is furnished and forms a part of the notice.
5. Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company will remain closed from 24.09.2016 to 30.09.2016 (both days inclusive) .
6. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat account(s). Members holding shares in physical form can submit their PAN details to the Company or Registrar and Share Transfer Agent.

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7. Copies of the Annual Report 2015-16, the Notice of the 11th Annual General Meeting of the Company and instructions for e-voting, along with the Attendance Slip and Proxy Form are being sent only through electronic mode to all the members whose email addresses are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report 2015-16 are being sent through permitted mode.
8. Members may also note that the Notice of the 11th Annual General Meeting and the Annual Report 2015-16 will be available on the Company's website, www.servalakshmi.in. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on any working day.
9. Pursuant to the provisions of Section 72 of the Companies Act, 2013, Members may file Nomination Forms in respect of their physical shareholdings. Any Member willing to avail this facility may submit to the Company's Registrar & Share Transfer Agent in the prescribed Statutory Form. Should any assistance be desired, Members should get in touch with the Company's Registrar & Share Transfer Agent.
10. Members desirous of receiving any information on the accounts or operations of the Company are requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
11. Members holding shares in physical form are requested to convert their holdings to dematerialized form to eliminate all risks associated with physical shares.
12. The members are requested to forward their share transfer deed(s) and other communications directly to the Registrar and Share Transfer Agent of the Company M/s.Link Intime India Private Limited, "Surya", 35, Mayflower Avenue, II Floor, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028.
13. Members are requested to note that the venue of the 11th Annual General Meeting shall be held at Hotel RR INN, Old Madurai Road, Tirunelveli Junction, Tirunelveli -627001 at 10.00 A.M and the route map containing the complete particulars of the venue is attached to this Notice.
14. Voting through electronic means:

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and Regulation 44(1) of the SEBI (LODR) Regulations, 2015, the Company is pleased to provide its members the facility to exercise their right to vote at the 11th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL).

 - II The facility for voting, either through electronic voting system or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting may exercise their voting through polling paper at the meeting.
 - III The members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again.

The instructions for members for voting electronically are as under:-

- i) The voting period begins on Tuesday, 27th September, 2016 at 09.00 AM and ends on Thursday, 29th September, 2016 at 05.00 PM. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday, 23rd September, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- iii) Click on Shareholders.
- iv) Now enter your User ID
 - a) For CDSL: 16 digits beneficiary ID,
 - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c) Members holding shares in Physical form should enter Folio Number registered with the Company.
- v) Next enter the Image Verification as displayed and Click on Login.
- vi) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- vii. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> ● Members who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number which is printed on Proxy Form / Attendance Slip indicated in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/ mm/ yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio. <ul style="list-style-type: none"> ● Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- viii) After entering these details appropriately, click on "SUBMIT" tab.
- ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein

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they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi) Click on the EVSN for the relevant 'Servalakshmi Paper Limited' on which you choose to vote.
- xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xviii) Shareholders can also cast their vote using CDSL's mobile app m-voting available for android based mobiles. The m-voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xix) Note for Non – Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- A scan copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

IV The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date 23rd September, 2016.

V Mr. M.D. Selvaraj FCS of MDS & Associates, Company Secretary in Practice, Coimbatore has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

VI The Scrutinizer shall immediately after the conclusion of the Annual General Meeting first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Annual General Meeting.

VII The results shall be declared within 48 hours from the conclusion of the Annual General Meeting. The results declared along with the consolidated Scrutinizer’s Report shall be placed on the Company’s website www.servalakshmi.in and on the website of CDSL and communicate to the Stock Exchanges, where the shares of the Company are listed.

The notice of the Annual General Meeting and this communication are also available on the website of the Company www.servalakshmi.in.

Additional information on Directors recommended for appointment / re-appointment as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard issued by ICSI.

Name	Mr Y.Shivaram Prasad
DIN	00010734
Date of Birth	11.11.1964
Date of appointment on the Board	01.01.2014
Inter-se relationship with other directors	Mr.R.Ramswamy is the Father-in law of Mr.Y.Shivaram Prasad.
Qualification	B E
Expertise in area	He has wide experience in the paper industry, specially in paper machine building technology and management of paper mills.
No. of shares held	1834080 shares
Board position held	Managing Director
Terms and conditions of appointment / re-appointment	Liable to retire by rotation

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Remuneration sought to be paid	Nil
Remuneration last drawn	No remuneration was paid during the year.
No. of Board Meeting attended during the year	4
Directorships held in other companies	1. Danalakshmi Paper Mills Private Limited 2. Servall Engineering Works Private Limited
Chairmanship / Membership in other Committees of the Board	Audit Committee- Member Stakeholder Relationship committee- Member Nomination and Remuneration Committee-Member

By order of the Board
For Servalakshmi Paper Limited

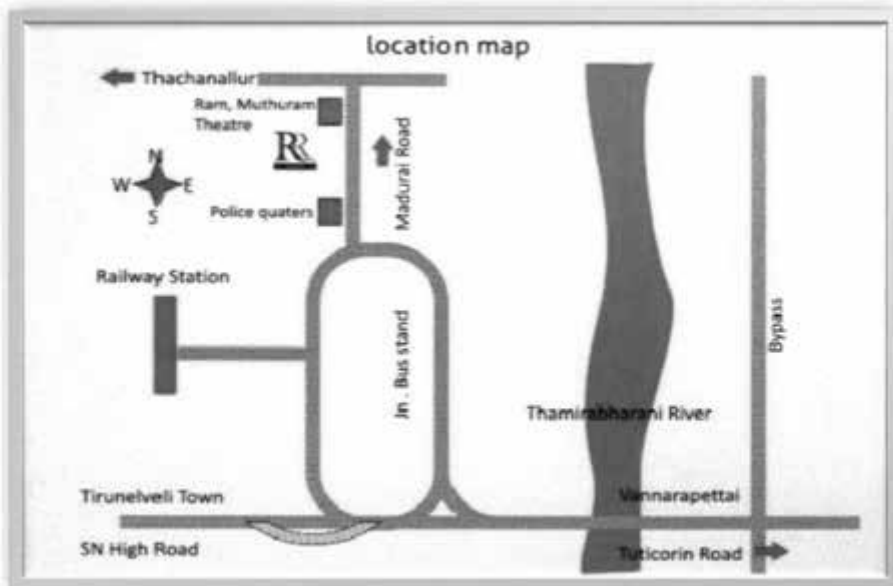
(Sd/-)

R. RAMSWAMY

Executive Chairman

(DIN : 00010572)

Coimbatore
9th August, 2016



Management Discussion and Analysis

The Company has become a Sick Industrial Company within the meaning of Section 3(1)(4) of the Sick Industrial Companies (Special Provisions) Act 1985 as per audited Balance Sheet as at 31st March 2015. The company has consequently made reference to Section -15 of SICA to the Board for Industrial and Financial Reconstruction (BIFR) on 13-08-2015 and the reference has been registered in Case No.107/2015 before BIFR

REVIEW OF BUSINESS

INDUSTRY STRUCTURE AND DEVELOPMENTS:

The Paper Industry in India has become more promising as the domestic market demands are rapidly increasing. Paper finds its usage in recording, storage and dissemination of information. Growth in population and literacy paved the way for increase in demand for writing and printing paper. Despite the technological revolution leading to increased computerization of operations, paper increasingly holds on to its existence and has become an essential commodity.

The widespread demand for paper products such as book, magazines, and newspapers, and so forth has further escalated the growth of this industry. Also the future of the Indian economy is indirectly linked to the future of the paper industry in India.

OUTLOOK, RISKS, CONCERNS, OPPORTUNITIES AND THREATS

With the spread of education and literacy rate, demand for paper is bound to increase and is expected to be double the present demand within ten years. These will constraint India to increase the indigenous production considerably.

The major problem faced by the paper industry is scarcity of raw materials. Most of the raw materials are imported. The cost of import of raw materials is increasing progressively. In order to survive and maintain the production, the paper mill has to pay for higher cost for raw materials. The increased cost of import will be compensated by effective cost control methods.

The company's huge potential in quality maintenance and advanced production technology will enable to overcome the present difficulties once the plant production is restarted.

The management is exploring all the possibilities for arranging funds, obtaining practical one-time settlement of bank loans and to restart the plant operation in the last quarter of the financial year 2016-17

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the year under review, the plant operation was not fully carried out. Even though the company has been sanctioned with Corporate Debt Restructuring (CDR) package,, it was not fully implemented.

The above development has brought the efforts of the company to stand still and the company is left with no other option but to stop the operations, till a viable option to revive the operations of the company in full, is found out. The company has filed a writ petition (W.P.No.5462/2016) in Madras High Court, against the decision of CDR Cell, allowing the exit of CDR mechanism.

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The management has already initiated appropriate discussions with the prospective investors and also lenders for an acceptable solution to put an end to the stalemate, but because of the complexities involved, it is consuming a little more time, than would have required in the normal circumstances.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:

Relations between the Management and the labour were cordial throughout the year under review. Currently, the company employs 81 persons of all ranks.

By order of the Board
For Servalakshmi Paper Limited

Coimbatore
9th August, 2016

(Sd/-)
R. RAMSWAMY
Executive Chairman
(DIN : 00010572)

Directors' Report

Dear Members,

Your Directors hereby present the 11th Annual Report along with the audited accounts for the year ended 31st March 2016.

FINANCIAL RESULTS

The summarized financial results are as under :

	Year ended 31st March 2016	Year ended 31st March 2015
	₹ in lacs	₹ in lacs
1. Revenue from operations	5038.44	17981.73
2. Other income	239.71	639.37
3. Total Expenditure before Interest & Depreciation	9751.65	18590.93
EBITDA	(4473.50)	30.17
4. Finance Charges	4,720.83	3212.74
5. Depreciation	1,031.39	1027.12
6. Profit before Tax	(10,225.72)	(4209.69)
7. Provision for Taxation	—	—
8. Net Profit (before Exceptional / Extraordinary items)	(10,225.72)	(4209.69)
9. Exceptional/ Extraordinary items	(2,512.76)	—
10. Net Profit	(12,738.48)	(4,209.69)

OPERATIONS

During the year ended 31st March,2016 the Company recorded a total turnover of Rs.50 Crores as against Rs. 180 Cores achieved during the previous year. Your Directors expect to improve the production and sales in the forthcoming year 2016-17.

TRANSFER TO RESERVES

Due to losses, the Company is unable to transfer any amount to its Reserves.

DIVIDEND

No dividend has been declared in the financial year under review having regard to the losses incurred by the Company during the year.

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SHARE CAPITAL

The paid-up capital of the Company as at 31.03.2016 stood at Rs.43,11,36,560/-. During the year under review the Company has not made any fresh issue of shares.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The Company has not declared any dividend in the past and hence transfer of unclaimed Dividend to Investor Education and Protection fund does not arise.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return pursuant to the provisions of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, in form MGT-9 is furnished in **Annexure 'A'** and is attached to this report.

BOARD / COMMITTEE MEETINGS CONDUCTED DURING THE PERIOD UNDER REVIEW

During the year under review, 4 Meetings of the Board of Directors, 4 Meetings of the Audit Committee, 1 Meeting of the Nomination and Remuneration Committee, and 4 Meetings of the Stakeholders Relationship Committee were held. Further details of the same have been enumerated in the Corporate Governance Report annexed herewith.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013, with respect to Director's Responsibility Statement, it is hereby confirmed that -

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from those standards.
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the company for that period.
- (c) the Directors have taken Proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts on a going concern basis;
- (e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all the applicable laws and such systems were adequate and operating effectively;

DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SECTION 143(12) OF THE COMPANIES ACT, 2013 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT

There were no instances of frauds identified or reported by the Statutory Auditors during the course of their audit pursuant to Section 143(12) of the Companies Act, 2013.

DECLARATION OF INDEPENDENT DIRECTORS

The company has received declarations from all the independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Companies Act, 2013 and Regulation 25 of the SEBI(LODR) Regulations, 2015.

COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND OTHER MATTERS PROVIDED UNDER SECTION 178(3) OF THE COMPANIES ACT, 2013

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for fixing and revising remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and employees of the Company. The Remuneration policy of the Company is annexed herewith as **Annexure 'B'** and can also be accessed on the Company's website at the link <http://www.servalakshmi.in/Facilities.html>.

COMMENTS ON AUDITORS' REPORT:

With regard to the observations of the Statutory Auditors on the complete erosion of the net worth, your directors are of the view that this will not have any adverse effect since concerted efforts are being taken by the management to tide over the situation.

In relation to the observation by the Statutory Auditors on delays in payment of provident fund, employee's state insurance, income – tax, sales – tax, duty of customs, duty of excise, value added tax, cess and other statutory dues to the appropriate authorities, the Board is of the view that with improved business scenario the Company will be able to meet its obligations in time. The Board is hopeful and committed to their level best to streamline the same in future.

With respect to the observations made by the Secretarial Auditor, we wish to state that, due to the prolonged losses incurred by the Company, and financial strain it was not possible to comply with certain requirements of the Companies Act, 2013, Listing Agreements, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the Labour and Environmental Laws as mentioned by the Secretarial auditor in his report. The Directors are taking the necessary steps to comply with the requirements during the current year.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There were no loans, guarantee or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of every contract and arrangement entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third provision thereto are disclosed in Form No.AOC- 2 and forms part of this Report.

The policy on Related Party Transactions as approved by the Board of Directors of the Company has been uploaded on the Company's website and may be accessed through the link at www.servalakshmi.in/Facilities.html.

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MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on foreign exchange earnings and outgo, technology absorption, conservation of energy stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed herewith as **Annexure 'C'**.

RISK MANAGEMENT PLAN IMPLEMENTATION

The Company has formed a committee comprising of senior management, one level below the Managing Director, to take stock of all risks affecting the Company, the existing controls and mitigation measures. The Board has taken note of the high level risks, the controls currently in place and the mitigating measures to be undertaken and accordingly provided certain suggestions for mitigating the risks.

DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provision are not applicable.

ANNUAL EVALUATION OF THE BOARD ON ITS OWN PERFORMANCE AND OF THE INDIVIDUAL DIRECTORS AND COMMITTEES

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

DIRECTORS & KEY MANAGERIAL PERSONNEL

During the year under review, Mr.B.Sriramulu resigned from the directorship of the Company with effect from 01.07.2015. The Board records its appreciation for his association with the Company. Subsequently Mrs.Nithya Nirupama resigned from the Directorship of the Company with effect from 13.07.2015.The Board records its appreciation for her association with the Company.

Mr.S.Srinivasaragavan resigned from the directorship of the Company with effect from 07.10.2015. The Board records its appreciation for his association with the Company.

As per the provisions of the Companies Act, 2013, Mr. Y. Shivaram Prasad, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

The Board of Directors have re - appointed Mr.Y.Shivaram Prasad as Managing Director of the Company for a period of 3(three) years with effect from 1st January 2017 on the terms and conditions as set out of the notice convening the AGM.The necessary resolution in this regard has been proposed for the approval of the members at the ensuing AGM.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiaries, Joint ventures or Associate Companies.

FIXED DEPOSITS

During the year, the Company did not accept or renew any fixed deposits and no fixed deposits remained unclaimed with the Company as on 31st March 2016.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATION IN FUTURE

There is no significant and material order passed by the regulators or courts or tribunals impacting the going concern status and company's operation in future.

AUDITORS

STATUTORY AUDITORS

M/s. S.Krishnamoorthy &Co, Chartered Accountants, Coimbatore were appointed as the Statutory Auditors of the company, at the Annual General Meeting held on 26th September, 2014, for a period of three years subject to ratification by the Shareholders at every consequent Annual General Meeting. The Company has received a letter pursuant to Section 139 and 141 of the Companies Act, 2013 from them to the effect that they are eligible to continue as the Statutory Auditors of the Company.

Necessary resolution for ratification of appointment of the said Auditors is included in the Notice of Annual General Meeting for seeking approval of members.

SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr.G.Soundararajan, Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The report of the Secretarial Audit report is annexed herewith as **Annexure 'D'**.

COST AUDITORS

The Board of Directors at their meeting held on 30th May 2016 have appointed Mr.S.Thangavelu, Cost Accountant as the Cost Auditor of the Company for the financial year 2016-17.Pursuant to Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies(Accounts)Rules, 2014, the remuneration payable to the Cost Auditor of the Company is subject to the ratification by the shareholders at the Annual General Meeting. The Board recommends their remuneration.

SERVALAKSHMI PAPER LIMITED

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company continues to enjoy cordial relationships with its employees at all levels. The total strength of employees as on 31st March, 2016 was 81.

PARTICULARS OF EMPLOYEES

Details pursuant to Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report as **Annexure 'E'**.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a policy on Sexual Harassment of Women at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaints were received from any employee or third parties during the financial year 2015-16.

CORPORATE GOVERNANCE

A report on corporate governance is annexed and forms part of this report. The Company has complied with the conditions relating to corporate governance as stipulated in Regulation 27 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

AUDIT COMMITTEE

Audit Committee is in existence in accordance with the provisions of Section 177 of the Companies Act, 2013. Kindly refer to the Section on Corporate Governance, under the head, 'Audit Committee' for matters relating to the composition, meetings, and functions of the Committee. The Board has accepted the Audit Committee recommendations during the year whenever required and hence no disclosure is required under Section 177(8) of the Companies Act, 2013 with respect to rejection of any recommendations of Audit Committee by Board.

WHISTLE BLOWER POLICY

The Company has a Whistle Blower policy to deal with unethical or improper practice or violation of Company's Code of Business Conduct or any complaints regarding accounting, auditing, internal controls or disclosure practices of the Company. The Policy gives a platform to the Whistle Blower to report the complaints on the above mentioned practices to the Managing Director or Director (HR). Although the complainant is not expected to prove the truth of an allegation, the complainant aims to demonstrate that there are sufficient grounds for concern and that it is not done as a malicious act against an individual. The Audit Committee of the Board reviews the Complaints received, redressed, objected, withdrawn and dismissed for, every quarter in their meeting. The Whistle Blower policy is available in the website of the Company at the following address <http://www.servalakshmi.in/Facilities.html>.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has adequate internal control systems to monitor business processes, financial reporting and compliance with applicable regulations. The systems are periodically reviewed for identification of control deficiencies and formulation of time bound action plans to improve efficiency at all the levels. The Audit committee of the Board constantly reviews internal control systems and their adequacy, significant risk areas, observations made by the internal auditors on control mechanism and the operations of the Company and recommendations made for corrective action through the internal audit reports. The committee reviews the statutory auditors' report, key issues, significant processes and accounting policies.

The Directors confirm that the Internal Financial Controls (IFC) are adequate with respect to the operations of the Company. A report of Auditors pursuant to Section 143(3)(i) of the Companies Act, 2013 certifying the adequacy of Internal Financial Controls is annexed with the Auditors Report.

SHAREHOLDERS INITIATIVES

- Your Company has in place the regulations for preventing and regulating Insider Trading as has adhered to the Code of Conduct and Business Ethics by which the shareholder is treated on par with an employee on the availability of information about the Company;
- Your Company regularly intimates the shareholders (through quarterly news letters) on the performance of the company, even though it is not mandatory;
- Your Company has been prompt and regular in its replies to your queries received by them;
- Your Company also replies within the stipulated time to all legal and statutory authorities.
- The custodial charges and listing fees are promptly paid by the Company to the depositories and the stock exchange.

ACKNOWLEDGEMENT

Your Directors thank the shareholders, customers, suppliers, bankers and all stakeholders for their continued support during the year. Your Directors also place on record their appreciation of the contributions made by employees at all levels towards the growth of the company.

By order of the Board
For Servalakshmi Paper Limited

(Sd/-)

R. RAMSWAMY

Executive Chairman
(DIN : 00010572)

Coimbatore
9th August, 2016

FORM NO. MGT-9**EXTRACT OF THE ANNUAL RETURN
as on the Financial year ended 31.03.2016**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2015]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN:	L21012TN2005PLC092783
ii)	Registration Date	03-11-2005
iii)	Name of the Company	SERVALAKSHMI PAPER LIMITED
iv)	Category/sub category of the Company	Public limited Company /Limited by shares
v)	Address of the Registered office and contact details	Kodaganallur Village Vaduganpatti Post, I.C.Pettai Tirunelveli-627010 PH.NO.: 0462-2568500 Email ID: secretarial@servalakshmi.in Website: www.servalakshmi.in
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	LINK INTIME INDIA PVT. LTD Coimbatore Branch No.35, Mayflower Avenue Sowripalayam Road Coimbatore-641028 Ph.No.:0422-2314792 Fax No. 0422-2314792 Email ID: Coimbatore@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S. No	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	News Print Paper	1701	65%
2	Writing & Printing Paper	1701	35%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES [No. of Companies for which information is being filled]

The Company does not have a Holding, Subsidiary or Associate Companies.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-April-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	4005668	—	4005668	9.29	4005668	—	4005668	9.29	—
b) Central Govt	—	—	—	—	—	—	—	—	—
c) State Govt(s)	—	—	—	—	—	—	—	—	—
d) Bodies Corporate	18418332	—	18418332	42.72	18418332	—	18418332	42.72	—
e) Banks / FI	—	—	—	—	—	—	—	—	—
f) Any other	—	—	—	—	—	—	—	—	—
Sub Total (A)(1)	22424000	—	22424000	52.01	22424000	—	22424000	52.01	—
2. Foreign									
a) NRIs - Individuals	—	—	—	—	—	—	—	—	—
b) Others - Individuals	—	—	—	—	—	—	—	—	—
c) Bodies Corporate	—	—	—	—	—	—	—	—	—
d) Banks / FI	—	—	—	—	—	—	—	—	—
e) Any other...	—	—	—	—	—	—	—	—	—
Sub Total (A)(2)	—	—	—	—	—	—	—	—	—
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	22424000	—	22424000	52.01	22424000	—	22424000	52.01	—
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	—	—	—	—	—	—	—	—	—
b) Banks / FI	—	—	—	—	—	—	—	—	—
c) Central Govt	—	—	—	—	—	—	—	—	—
d) State Govt(s)	—	—	—	—	—	—	—	—	—
e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
f) Insurance Companies	—	—	—	—	—	—	—	—	—
g) FIs	—	—	—	—	—	—	—	—	—
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i) Others	—	—	—	—	—	—	—	—	—
Sub-total (B)(1):-	—	—	—	—	—	—	—	—	—
2. Non-Institutions									
a) Bodies Corp.	6520198	507938	7028136	16.30	7014702	507938	7522640	17.44	1.14
i) Indian	—	—	—	—	—	—	—	—	—
ii) Overseas	—	—	—	—	—	—	—	—	—
b) Individuals	—	—	—	—	—	—	—	—	—
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	4316080	10	4316090	10.01	4003509	10	4003519	9.29	(0.72)

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Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-April-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	8898822	—	8898822	20.64	8409968	—	8409968	19.51	(1.13)
c) Others			—	—	—	—	—	—	—
Clearing Members	363580	—	363580	0.84	485711	—	485711	1.12	0.28
Non Resident Indians	83028	—	83028	0.19	123642	—	123642	0.29	(0.10)
Sub-total (B)(2):-	20181708	507948	20689656	47.99	20181708	507948	20689656	47.99	—
Total Public Shareholding (B)= (B)(1)+ (B)(2)	20181708	507948	20689656	47.99	20181708	507948	20689656	47.99	—
C. Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	—
Grand Total (A+B+C)	42605708	507948	43113656	100	42605708	570948	43113656	100	—

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Danalakshmi Paper Mills Pvt. Ltd	13583302	31.51	—	13583302	31.51	100	—
2	Servall Engineering Works Pvt. Ltd	4835030	11.21	—	4835030	11.21	100	—
3	R Ramswamy	1957000	4.54	—	1957000	4.54	100	—
4	Y Shivaram Prasad	1834080	4.25	—	1834080	4.25	100	—
5	R Jeevanlatha	214588	0.50	—	214588	0.50	100	—
	Total	22424000	52.01	—	22424000	52.01	100	—

iii) Change in Promoters' Shareholding

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Share holding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	There has been no change in Share holding of the Promoters during the year			
2	Increase / Decrease in Promoters Shareholding during the year				
3	At the end of the year				

iv) Shareholding Pattern of top ten Shareholders:

Sl. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	ARUNACHALAM.V.				
	At the beginning of the year	2002180	4.64	2002180	4.64
	Increase /Decrease in Shareholding during the year	—	—	—	—
	At the end of the year	2002180	4.64	2002180	4.64
2	YASHI INDUSTRIES PRIVATE LIMITED				
	At the beginning of the year	1663728	3.86	1663728	3.86
	Transfer of shares as on 19.06.2015	221183	0.51	1884911	4.37
	Transfer of shares as on 24.07.2015	55108	0.13	1940019	4.50
	At the end of the year	1940019	4.50	1940019	4.50
3	ICL SECURITIES LIMITED				
	At the beginning of the year	1693783	3.93	1693783	3.93
	Increase /Decrease in Shareholding during the year	—	—	—	—
	At the end of the year	1693783	3.93	1693783	3.93
4	BANNARI AMMAN EXPORTS LTD				
	At the beginning of the year	1015877	2.36	1015877	2.36
	Increase /Decrease in Shareholding during the year	—	—	—	—
	At the end of the year	1015877	2.36	1015877	2.36
5	BELA PROPERTIES PRIVATE LTD				
	At the beginning of the year	537675	1.25	537675	1.25
	Transfer of shares as on 22.05.2015	(40974)	(0.10)	496701	1.15
	Transfer of shares as on 21.08.2015	17538	0.04	514239	1.19
	Transfer of shares as on 28.08.2015	38817	0.09	553056	1.28
	Transfer of shares as on 11.09.2015	57755	0.14	610811	1.42
	Transfer of shares as on 18.09.2015	6310	0.01	617121	1.43
	Transfer of shares as on 25.09.2015	13234	0.03	630355	1.46
	Transfer of shares as on 30.09.2015	8381	0.02	638736	1.48
	Transfer of shares as on 09.10.2015	48634	0.11	687370	1.59
	Transfer of shares as on 16.10.2015	5601	0.01	692971	1.61
	Transfer of shares as on 30.10.2015	10057	0.02	703028	1.63
	Transfer of shares as on 06.11.2015	18727	0.04	721755	1.67
	Transfer of shares as on 13.11.2015	7807	0.02	729562	1.69
	Transfer of shares as on 20.11.2015	18481	0.04	748043	1.74
	Transfer of shares as on 27.11.2015	62400	0.14	810443	1.88

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Sl. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Transfer of shares as on 04.12.2015	44380	0.10	854823	1.98
	Transfer of shares as on 18.12.2015	11718	0.03	866541	2.01
	Transfer of shares as on 25.12.2015	879	0.00	867420	2.01
	Transfer of shares as on 31.12.2015	12404	0.03	879824	2.04
	Transfer of shares as on 01.01.2016	6987	0.02	886811	2.06
	Transfer of shares as on 08.01.2016	9218	0.02	896029	2.08
	Transfer of shares as on 15.01.2016	14982	0.03	911011	2.11
	Transfer of shares as on 22.01.2016	35343	0.08	946354	2.20
	Transfer of shares as on 29.01.2016	15989	0.04	962343	2.23
	Transfer of shares as on 05.02.2016	1757	0.00	964100	2.24
	Transfer of shares as on 12.02.2016	3863	0.01	967963	2.25
	Transfer of shares as on 19.02.2016	12877	0.03	980840	2.28
	Transfer of shares as on 26.02.2016	16291	0.04	997131	2.31
	Transfer of shares as on 04.03.2016	1828	0.00	998959	2.32
	Transfer of shares as on 11.03.2016	1365	0.00	1000324	2.32
	Transfer of shares as on 18.03.2016	6051	0.01	1006375	2.33
	Transfer of shares as on 25.03.2016	410	0.00	1006785	2.34
	Transfer of shares as on 31.03.2016	6452	0.01	1013237	2.35
	At the end of the year	1013237	2.35	1013237	2.35
6	ARUN SELVARAJ				
	At the beginning of the year	760000	1.76	760000	1.76
	Increase /Decrease in Shareholding during the year	—	—	—	—
	At the end of the year	760000	1.76	760000	1.76
7	PURUSHOTTAM C MANDHANA				
	At the beginning of the year	714082	1.66	714082	1.66
	Increase /Decrease in Shareholding during the year	—	—	—	—
	At the end of the year	714082	1.66	714082	1.66
8	ANNAMALAI ENTERPRISES LIMITED				
	At the beginning of the year	676923	1.57	676923	1.57
	Increase /Decrease in Shareholding during the year	—	—	—	—
	At the end of the year	676923	1.57	676923	1.57
9	PATLLOLLU SAI REDDY				
	At the beginning of the year	801295	1.86	801295	1.86
	Transfer of shares as on 10.04.2015	(15000)	(0.03)	786295	1.82
	Transfer of shares as on 17.04.2015	(43757)	(0.10)	742538	1.72

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Sl. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Transfer of shares as on 24.04.2015	200	0.00	742738	1.72
	Transfer of shares as on 01.05.2015	2060	0.00	744798	1.73
	Transfer of shares as on 08.05.2015	600	0.00	745398	1.73
	Transfer of shares as on 15.05.2015	(13415)	(0.03)	731983	1.70
	Transfer of shares as on 22.05.2015	(6748)	(0.02)	725235	1.68
	Transfer of shares as on 29.05.2015	(12555)	(0.03)	712680	1.65
	Transfer of shares as on 05.06.2015	120	0.00	712800	1.65
	Transfer of shares as on 12.06.2015	60	0.00	712860	1.65
	Transfer of shares as on 19.06.2015	70	0.00	712930	1.65
	Transfer of shares as on 26.06.2015	65	0.00	712995	1.65
	Transfer of shares as on 30.06.2015	35	0.00	713030	1.65
	Transfer of shares as on 03.07.2015	(10690)	(0.02)	702340	1.63
	Transfer of shares as on 10.07.2015	(16495)	(0.04)	685845	1.59
	Transfer of shares as on 17.07.2015	(9105)	(0.02)	676740	1.57
	Transfer of shares as on 24.07.2015	(6995)	(0.02)	669745	1.55
	Transfer of shares as on 31.07.2015	(19175)	(0.04)	650570	1.51
	Transfer of shares as on 07.08.2015	(9000)	(0.02)	641570	1.49
	Transfer of shares as on 14.08.2015	(3000)	(0.01)	638570	1.48
	Transfer of shares as on 21.08.2015	(8200)	(0.02)	630370	1.46
	Transfer of shares as on 28.08.2015	5	0	630375	1.46
	Transfer of shares as on 04.09.2015	15	0	630390	1.46
	Transfer of shares as on 11.09.2015	15	0	630405	1.46
	Transfer of shares as on 18.09.2015	16	0	630421	1.46
	Transfer of shares as on 25.09.2015	(995)	0.00	629426	1.46
	Transfer of shares as on 16.10.2015	(1500)	0.00	627926	1.46
	Transfer of shares as on 23.10.2015	(1490)	0.00	626436	1.45
	Transfer of shares as on 30.10.2015	(2865)	(0.01)	623571	1.45
	Transfer of shares as on 06.11.2015	(7500)	(0.02)	616071	1.43
	Transfer of shares as on 13.11.2015	(2000)	0.00	614071	1.42
	Transfer of shares as on 20.11.2015	(17000)	(0.04)	597071	1.38
	Transfer of shares as on 27.11.2015	(10000)	(0.02)	587071	1.36
	Transfer of shares as on 04.12.2015	(7000)	(0.02)	580071	1.35
	Transfer of shares as on 18.12.2015	(1000)	0.00	579071	1.34
	Transfer of shares as on 08.01.2016	(650)	0.00	578421	1.34
	Transfer of shares as on 22.01.2016	(984)	0.00	577437	1.34
	Transfer of shares as on 05.02.2016	(1600)	0.00	575837	1.34
	Transfer of shares as on 12.02.2016	(210)	0.00	575627	1.34

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Sl. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Transfer of shares as on 19.02.2016	(2450)	(0.01)	573177	1.33
	Transfer of shares as on 26.02.2016	(1000)	0.00	572177	1.33
	Transfer of shares as on 04.03.2016	(1150)	0.00	571027	1.33
	Transfer of shares as on 11.03.2016	(3300)	(0.01)	567727	1.32
	Transfer of shares as on 18.03.2016	(2000)	0.00	565727	1.31
	Transfer of shares as on 31.03.2016	(1482)	0.00	564245	1.31
	At the end of the year	564245	1.31	564245	1.31
10	MANIKYAMMA				
	At the beginning of the year	600741	1.39	600741	1.39
	Transfer of shares as on 10.04.2015	(18735)	(0.04)	582006	1.35
	Transfer of shares as on 17.04.2015	(26400)	(0.06)	555606	1.29
	Transfer of shares as on 24.04.2015	500	0.00	556106	1.29
	Transfer of shares as on 01.05.2015	1000	0.00	557106	1.29
	Transfer of shares as on 08.05.2015	375	0.00	557481	1.29
	Transfer of shares as on 15.05.2015	(1720)	0.00	555761	1.29
	Transfer of shares as on 22.5.2015	(5750)	(0.01)	550011	1.28
	Transfer of shares as on 29.05.2015	144	0.00	550155	1.28
	Transfer of shares as on 05.06.2015	(4950)	(0.01)	545205	1.26
	Transfer of shares as on 12.06.2015	(19985)	(0.05)	525220	1.22
	Transfer of shares as on 19.06.2015	(18500)	(0.04)	506720	1.17
	Transfer of shares as on 03.07.2015	10	0.00	506730	1.17
	Transfer of shares as on 10.07.2015	70	0.00	506800	1.18
	Transfer of shares as on 17.07.2015	90	0.00	506890	1.18
	Transfer of shares as on 24.07.2015	30	0.00	506920	1.18
	Transfer of shares as on 31.07.2015	(3565)	0.00	503355	1.17
	Transfer of shares as on 07.08.2015	15	0.00	503370	1.17
	Transfer of shares as on 14.08.2015	25	0.00	503395	1.17
	Transfer of shares as on 21.08.2015	10	0.00	503405	1.17
	Transfer of shares as on 28.08.2015	5	0.00	503410	1.17
	Transfer of shares as on 11.09.2015	20	0.00	503430	1.17
	Transfer of shares as on 18.09.2015	(410)	0.00	503020	1.17
	Transfer of shares as on 25.09.2015	(470)	0.00	502550	1.17
	Transfer of shares as on 16.10.2015	5	0.00	502555	1.17
	Transfer of shares as on 19.02.2016	(1)	0.00	502554	1.17
	Transfer of shares as on 11.03.2016	200	0.00	502754	1.17
	Transfer of shares as on 31.03.2016	100	0.00	502854	1.17
	At the end of the year	502854	1.17	502854	1.17

v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Shareholding of each Director and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	RANGASWAMY RAMSWAMY				
	At the beginning of the year	1957000	4.54	1957000	4.54
	Increase /Decrease in Shareholding during the year	—	—	—	—
	At the end of the year	1957000	4.54	1957000	4.54
2	YARLAGADA SHIVARAMPRASAD				
	At the beginning of the year	1834080	4.25	1834080	4.25
	Increase /Decrease in Shareholding during the year	—	—	—	—
	At the end of the year	1834080	4.25	1834080	4.25
3	DURASAMYNaidu MUTHUSAMY				
	At the beginning of the year	—	—	—	—
	Increase /Decrease in Shareholding during the year	—	—	—	—
	At the end of the year	—	—	—	—
4	VALLAVANUR SUBRAMANIAM PATTABIRAMAN				
	At the beginning of the year	—	—	—	—
	Increase /Decrease in Shareholding during the year	—	—	—	—
	At the end of the year	—	—	—	—
5	BALAKRISHNAN SRIRAMULU*				
	At the beginning of the year	—	—	—	—
	Increase /Decrease in Shareholding during the year	—	—	—	—
	At the end of the year	—	—	—	—
6	MAHADEVAN NITHA NIRUPAMA **				
	At the beginning of the year	—	—	—	—
	Increase /Decrease in Shareholding during the year	—	—	—	—
	At the end of the year	—	—	—	—
7	SRINIVASAN SRINIVASA RAGAVAN #				
	At the beginning of the year	—	—	—	—
	Increase /Decrease in Shareholding during the year	—	—	—	—
	At the end of the year	—	—	—	—

* Resigned on 01.07.2015

** Resigned on 13.07.2015

Resigned on 07.10.2015

SERVALAKSHMI PAPER LIMITED

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Rs. in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	37153.75	1420.50	79.65	38653.90
ii) Interest due but not paid	957.27	—	—	957.27
iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	38111.02	1420.50	79.65	39611.17
Change in Indebtedness during the financial year				
* Addition	968.41	—	—	968.41
* Reduction	98.38	219.43	7.00	324.81
Net Change	870.03	(219.43)	(7.00)	643.60
Indebtedness at the end of the financial year				
i) Principal Amount	38023.78	1201.07	72.65	39297.50
ii) Interest due but not paid	8084.63	140.00	—	8224.63
iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	46108.41	1341.07	72.65	47522.13

VI. Remuneration of Directors and Key Managerial Personnel

(A) Remuneration to Managing Director, Whole Time Directors and/or Manager:

(Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Mr. R. Ramswamy Executive Chairman	Mr. Y. Shivaramprasad Managing Director	Mr. Y. Rambabu * Executive Director	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	—	—	—	—
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	—	—	—	—
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	—	—	—	—
2	Stock Option	—	—	—	—
3	Sweat Equity	—	—	—	—
4	Commission - as % of profit - others	—	—	—	—
5	Others	—	—	—	—
	Total (A)	—	—	—	—
	Ceiling as per the Act	60.00			

(B) Remuneration to other directors

(Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of the Directors					Total Amount
		Mr.B.Sriramulu	D.Muthusamy	Mr.V.S.Pattabiraman	Ms.,M.Nithya.Nirupama	Mr.S.Srinivasaragavan	
1	Independent Directors						
	Fee for attending board / committee meetings	—	0.40	0.40	0.05	0.10	0.95
	Commission	—	—	—	—	—	—
	Others	—	—	—	—	—	—
	Total (1)	—	0.40	0.40	0.05	0.10	0.95
2	Other Non-Executive Directors						
	Fee for attending board / committee meetings	0.10	—	—	—	—	0.10
	Commission	—	—	—	—	—	—
	Others	—	—	—	—	—	—
	Total (2)	—	—	—	—	—	—
	Total (B)=(1+2)	0.10	0.40	0.40	0.05	0.10	1.05
	Total Managerial Remuneration (A+B)						1.05
	Ceiling as per the Act (@ 1% of Profits calculated u/s198 of the Companies Act, 2013)	Not exceeding Rs.1 Lakh per meeting					

(c) Remuneration to Key Management Personnel other than MD / Manager / WTD (Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	—	—	—
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	—	—	—
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	—	—	—
2	Stock Option	—	—	—
3	Sweat Equity	—	—	—

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Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
4	Commission	—	—	—
	- as % of profit	—	—	—
	others	—	—	—
5	Others	—	—	—
	Total	—	—	—

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment			Nil		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			Nil		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			Nil		
Compounding					

NOMINATION AND REMUNERATION POLICY**Introduction:**

This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee in Compliance with Section 178 of the Companies Act, 2013 and the rules made thereunder and Clause 49 of the Listing Agreement and approved by the Board of Directors.

Definitions:

“Remuneration” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;

“Key Managerial Personnel” (KMP) means:

- i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- ii) Chief Financial Officer;
- iii) Company Secretary; and
- iv) such other officer as may be prescribed.

“Senior Managerial Personnel” mean the personnel of the company who are members of its core management team excluding Board of Directors.

Objectives of the Committee:**The Committee shall:**

- i. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.
- ii. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.
- iii. Identify persons who are qualified to become Director(s) and persons who may be appointed in Key Managerial positions and Senior Management positions in accordance with the criteria laid down in this policy.

General Appointment Criteria:

- i. The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.

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- ii. The Company should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder.
- iii. The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder.

Term / Tenure:

The Term / Tenure of the Directors shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder as amended from time to time.

Evaluation:

The Committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly or at such intervals as may be considered necessary.

Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or any other reasonable ground, the Committee may recommend to the Board for removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

Remuneration:

Remuneration to Managing Director / Whole-time Directors:

The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under and the approvals obtained from the Members of the Company.

Remuneration to Non- Executive / Independent Directors:

The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

Remuneration to Key Managerial Personnel and Senior Management:

The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with company's policy.

Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo

[Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014]

A. Conservation of Energy**(i) Steps Taken for conservation of Energy:**

The company has indentified the potential areas for energy conservation and the same are to be implemented as soon as the plant restarts:

- Installation of VFDs for Boiler feed water pumps, ACC Fans, PA Fan motor.
- Installation of VFDs for UTM Pulper Agitators, Press Pit Agitators, Super Clear water pump.
- Installation of VFDs for Disc shower filter ,Post floatation pump.
- Installation of VFDs for Paper Machine main Compressor, ETP Water Pump.
- Installation of VFDs for Pump House Raw water Pump.
- Revamping of 110KW MC Pump Equipment capacity to single 55KW Pump Motor.
- Coal crusher: Steel wire mesh to Flip flop screen conversion.
- The committee formed for energy conservation will identify further areas to conserve energy on our plant restart.

(ii) Steps Taken by the Company for utilizing alternate sources of energy:

The company will identify and utilize alternate sources of energy in the forthcoming years after its resumption of plant operations.

(iii) Capital Investment on energy conservation equipment:

No capital investment was made during the year in this regard.

B. Technology absorption & Research & Development**Technology Absorption, Adaptation and Innovation:****i) Efforts made towards technology absorption, adaptation and innovation**

The company has implemented special tools & tackles with updated technologies for various maintenance and system cleaning activities which helped in reducing MTTR significantly. The Company has achieved improvement in plant uptime by reducing the quality change over time and improved cleanliness within the system.

ii) Benefits derived as a result of the above efforts:

The Company has derived the following benefits as a result of the above efforts:

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- The company has also installed web stabilizer for paper fluttering controlled by neutralizing the negative influence of air currents, stabilization of paper sheet and improved paper threading.
- Treatment of paper machine back water for clear water. The benefits are, significant reduction in ERIC value, avoiding contamination of treated fibre, sustainable quality, reduction in consumption of optical brightening agents, (brightening chemicals) thereby significant reduction in manufacturing cost.

iii) Information of Imported Technology (imported during the last 5 years from the beginning of the Financial Year)

- a) Technology Imported : Nil
- b) Year of Import : Nil
- c) Technology absorption : Nil
- d) if not fully absorbed, areas where this has not taken place, reasons therefore, and future plans of action : Nil

iv) the expenditure incurred on Research and Development:

The Company has not incurred any expenditure on Research & Development.

C. Foreign Exchange earnings & outgo:

The details of foreign exchange earnings and outgo during the year are furnished below:

- a) Earnings : Rs. 2,71,14,216/-
- b) Outgo : Rs. 18,39,40,334/-

By order of the Board
For Servalakshmi Paper Limited

Coimbatore
9th August, 2016

(Sd/-)
R. RAMSWAMY
Executive Chairman
(DIN : 00010572)

Form No. MR-3**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st March 2016**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members
Servalakshmi Paper Limited
(CIN: L21012TN2005PLC092783)
Kodaganallur Village,
Vaduganpatti Post, I C Pettai,
Tirunelveli - 627 010

I have conducted the Secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Servalakshmi Paper Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of **M/s. Servalakshmi Paper Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2016**, complied with the statutory provisions listed hereunder except to the extent stated below.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Companies Act, 1956 (the Act) and the rules made thereunder (to the extent applicable);
- iii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iv. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- v. The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Enforced from 1st December 2015);
 - b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

SERVALAKSHMI PAPER LIMITED

- c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (till 14th May 2015) and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (Enforced from 15th May 2015);
- d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;

I have also examined compliance with the applicable clauses of the following:

- a. Secretarial Standards with respect to Board Meetings (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (ICSI) and made applicable with effect from 1st July, 2015 and it was noted that the Company has generally complied with the same, however the stricter applicability of the Secretarial Standards is to be observed by the company.
- b. Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

I report that, during the year under review, the Company has complied with the provisions of the Acts, rules, regulations and guidelines mentioned above subject to the following observations:

- i. The Company has not appointed a Woman Director after the resignation of Mrs.Nithya Nirupama on 13.07.2015 as required under Clause 49 of the Listing Agreement and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- ii. The company has not appointed a Company Secretary and a Chief Financial Officer as required under Section 203 of the Companies Act, 2013.
- iii. The Company has not appointed an Internal Auditor as required under Section 138 of the Companies Act 2013 read with Rule 13 of Companies (Accounts) Rules, 2014.
- iv. The composition of the Nomination and Remuneration Committee of the Company is not in compliance with Clause 49 of the Listing Agreement and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- v. The financial statements indicate that the Company has accumulated losses and its net worth has been fully eroded and accordingly the Company is a "Sick Industrial Company" within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985. The Company has made a reference to the Board for Industrial and Financial Reconstruction under Section 15 of the Sick Industrial Companies (Special Provisions) Act, 1985, in view of the erosion of the entire net worth of the Company.
- vi. The company has defaulted in the repayment of loans due to banks and financial institutions.
- vii. The Company has not filed Form MGT-14 for the Board Resolution dated 14th November 2015 relating to waiver of remuneration payable to Managing Director which was required to be filed under section 117(3)(c) of the Companies Act, 2013.

I further report that, during the year under review, there were no actions/ events in pursuance of the following Rules/Regulations requiring compliance thereof by the Company:

- a. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- c. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- d. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- f. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998;

I further report that based on the information provided by the Company, its officers and authorized representatives, there are no laws specifically applicable to the Company.

I further report that having examined the documents and records pertaining to labour and environmental laws, the company has not complied with the labour and environmental laws to the extent specified below.

- i. The company has not obtained the License as required under the Tamil Nadu Fire Service Act, 1985.
- ii. The company has not paid wages to the workers within the time specified under the Payment of Wages Act, 1936.
- iii. The Company has not been regular in depositing the statutory dues relating to provident fund and employees' state insurance as required under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the Employees State Insurance Act, 1948 respectively.
- iv. The company has not paid gratuity to the eligible employees within the time as specified under the Payment of Gratuity Act, 1972.
- v. The company has not obtained the Consent of the Tamil Nadu Pollution Control Board as required under Section 21 of the Air (Prevention and Control of Pollution) Act, 1981 for the year 2016.
- vi. The Company has not obtained the Consent of the Tamil Nadu Pollution Control Board as required under Section 25 of the Water (Prevention and Control of Pollution) Act, 1974 for the year 2016.

SERVALAKSHMI PAPER LIMITED

I further report that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same has been subject to review by statutory financial auditor and other designated professionals.

I further report that

The Board of Directors of the Company has not been duly constituted as required under Section 149 of the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board meetings and Committee meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the company has suspended the production at the factory located in Tirunelveli with effect from 25th August 2015 and no production has been undertaken by the company after the said date till the end of the financial year.

I further report that during the audit period, the company has entered into a settlement with the employees of the company under the Industrial Disputes Act, 1947 in respect of payment of wages to the employees during the period in which the production was suspended.

I further report that during the audit period, there were no instances of:

- Public / Rights / Preferential issue of shares / debentures / sweat equity
- Redemption / buy-back of securities
- Major decision taken by the members in pursuant to section 180 of the Companies Act, 2013
- Merger / amalgamation / reconstruction etc.
- Foreign technical collaborations

Coimbatore
9th August, 2016

Soundarajan G
Company Secretary in Practice
FCS No.: 13993; C P No. 4993

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report

Annexure A

To

The Members
Servalakshmi Paper Limited
(CIN: L21012TN2005PLC092783)
Kodaganallur Village,
Vaduganpatti Post, I C Pettai,
Tirunelveli - 627 010

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulation, standards is the responsibility of management. My examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Coimbatore
9th August, 2016

Soundarajan G
Company Secretary in Practice
FCS No.: 13993; C P No. 4993

**Particulars pursuant to Rule 5 of Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014**

- i) The ratio of the remuneration of each director to the median employee's remuneration for the financial year and the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year is given below:

Directors Name	Ratio to median employee remuneration	% increase in remuneration
Mr. R Ramswamy Executive Chairman	Nil	(100)
Mr. Y Shivaram Prasad Managing Director	Nil	(100)

- ii. The percentage increase in the median remuneration of employees in the financial year: 3.85%
- iii. The number of permanent employees on the rolls of company: 81
- iv. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and any exceptional circumstances for increase in the managerial remuneration:
- Average percentile increase made in the salaries of employees other than the Managerial Personnel in the last year was 5.2% and percentile increase in the managerial remuneration was Nil
- v. Your Directors affirm that the remuneration is as per the remuneration policy of the Company.

By order of the Board
For Servalakshmi Paper Limited

Coimbatore
9th August, 2016

(Sd/-)
R. RAMSWAMY
Executive Chairman
(DIN : 00010572)

Form No. AOC-2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis

The Company has not entered into any contracts or arrangements or transactions which are not at arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis

S. No.	Name of the Related Party	Nature of Relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	M/s.Servall Engineering Works P Ltd	Mr.R.Ramswamy, Mr.Y.Shivaram Prasad and Mr.D.Muthusamy are Interested as Directors / Shareholders	a. Purchase b. Availing of Services	Five Years with effect from 01.04.2014	Rs.2500 lacs	09.08.2014	Nil
2	M/s.Dan-alakshmi Paper Mills P Ltd	Mr.R.Ramswamy, Mr.Y.Shivaram Prasad and Mr.D.Muthusamy are Interested as Directors / Shareholders	a. Purchase b. Sales c. Availing of Services d. Rendering of Services	Five Years with effect from 01.04.2014	Rs.1500 lacs	09.08.2014	Nil
3	M/s.Vijay-alakshmi Paper Mills	Mr.R.Ramswamy is Interested as Director / Shareholder	a. Purchase b. Sales	Five Years with effect from 01.04.2014	Rs.750 lacs	09.08.2014	Nil
4	M/s.Sri Lakshmi Engineering Works	Mr.R.Ramswamy is Interested as Director / Shareholder	a. Purchase b. Availing of Services	Five Years with effect from 01.04.2014	Rs.1000 lacs	09.08.2014	Nil

By order of the Board
For Servalakshmi Paper Limited

(Sd/-)

R. RAMSWAMY

Executive Chairman
(DIN : 00010572)

Coimbatore
9th August, 2016

SERVALAKSHMI PAPER LIMITED

Report on Corporate Governance

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2016, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation").

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Servalakshmi Paper Limited has always believed in and followed best business practices, and has been compliant with all the laws, exercised fairness and integrity in all its dealings, thereby reiterated its commitment to enhancement of stakeholders' value. The Company has a defined set of guidelines for its internal governance based on business ethics, legal compliance and professional conduct. The Company has been following transparency in its accounting practices and procedures, in framing and adhering to policies and guidelines, in insisting on responsibility and accountability and by regular audit of its policies and procedures;

2. BOARD OF DIRECTORS

a. Composition of the Board :

The Board of Directors of the Company consists of 4 Directors. The Board consists of two Executive Directors and 2 Non –Executive Directors, out of whom 2 are independent.

The Board met 4 times during the Financial Year on 22nd May 2015, 10th August 2015, 14th November 2015 and 10th February 2016. The composition and attendance of Directors at the Board Meetings and the Annual General Meeting held during the years is as under:-

Name of the Director	Category	Attendance Particulars		No of other directorship held in Public Companies *	No of Committee positions held in all companies \$	
		Board Meeting	Last AGM		Chairman	Member
Mr. R. Ramswamy (DIN: 00010572)	Non-independent Executive Director - Promoter	4	Yes	—	—	—
Mr. Y. Shivaram Prasad (DIN: 00010734)	Non-Independent - Executive Director - Promoter	4	Yes	—	—	2
Mr. D. Muthusamy (DIN: 00010588)	Non-Executive – Independent	4	Yes	—	1	1
Mr.V.S.Pattabiraman (DIN: 00784247)	Non-Executive – Independent	4	Yes	—	1	—
Mrs Nithya Nirupama [^] (Appointed on 08.11.2015)	Non-Executive-Independent	1	No	—	—	—
Mr.B.Sriramulu (DIN:00002560) (Upto 01.07.2015)	Non-Independent Executive Director	1	No	3	—	2

Name of the Director	Category	Attendance Particulars		No of other directorship held in Public Companies *	No of Committee positions held in all companies \$	
		Board Meeting	Last AGM		Chairman	Member
Mr.S.Srinivasaragavan (DIN:00233784) (Upto 07.10.2015)	Non-Executive – Independent	1	Yes	1	2	—

Excludes Directorships in Private Companies and Foreign Companies

\$ Only Audit Committee and Stakeholders Relationship Committee are considered.

Mr. Y.Shivaram Prasad is the son –in-law of Mr.R.Ramswamy. None of the other Directors are related to each other.

As per the disclosures received from the Directors, none of the Directors serve as member of more than 10 committees nor are they the Chairman / Chairperson of more than 5 committees, as per the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Number of Equity shares held by Non –Executive Directors as on 31st March 2016 – Nil

There has been no materially relevant pecuniary transaction or relationship between the Company and its Non-Executive Independent Directors during the year.

b. Independent Directors

Familiarization Program for Independent Directors:

At every Board Meeting the Senior Management representative of the Company present to the Directors, operational and financial aspects of the Company. The Directors are also apprised about the new products and technology related aspects.

The familiarization program for Independent Directors and the appointment letters of Independent Directors have been posted on the Company's website at [http:// www.servalakshmi.in/Facilities.html](http://www.servalakshmi.in/Facilities.html).

Performance Evaluation of Non-Executive and Independent Directors

Pursuant to the provisions of the Companies Act, 2013 and Regulation 25(3) of the SEBI(LODR) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit and Nomination and Remuneration Committees. A peer review was done by all the Directors evaluating every other Director. They also evaluated various aspects of the Board such as adequacy of the composition of the Board and its Committees, Board Diversity, execution and performance of specific duties, obligations and governance.

c. Separate Meeting of the Independent Directors:

The Independent Directors held a Meeting on 10th February, 2016, without the attendance of Non-Independent Directors and members of Management. All the Independent Directors were present at the meeting. The following issues /matters discussed in detail:

- I) Review of the performance of Non-Independent Directors and the Board as a whole;
- II) Review of the performance of the Managing Director of the Company, taking into account the views of the Non-Executive Directors;

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- III) Assessment of the quality, quantity and timeliness of flow of information between the Company Management and the Board, that is necessary for the Board to effectively and reasonably perform their duties.

3. COMMITTEES OF THE BOARD

The Board at present has 3 Committees:

- 1) Audit Committee, 2) Nomination and Remuneration Committee, 3) Stakeholders Relationship Committee.

The Board constitutes the committees and defines their Terms of Reference. The members of the committees are co-opted by the Board.

4. AUDIT COMMITTEE

All the members of the Audit Committee are independent and have knowledge of finance, accounts and engineering industry. The quorum for Audit Committee meeting is minimum of two Independent Directors.

The role, powers and functions of the Audit Committee are as per section 177 of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The terms of reference of this Committee are as required by SEBI - under Regulation 18 read with part C of Schedule II of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. Besides having access to all the required information within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors of the Company. It is authorized to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, suggestions and other related matters. The Committee is empowered to recommend the appointment and remuneration payable to the Statutory Auditors.

During the year under review, the Committee met four times on 22nd May 2015, 10th August 2015, 14th November 2015 and 10th February 2016. The Composition of the Audit Committee and the attendance of each member of the Committee is given below.

Name of the Member	Category	No of meetings	No of Meetings attended
Mr.S. Srinivasaragavan (Chairman)	Non-Executive – Independent	4	4
Mr. V.S. Pattabiraman (Member)	Non-Executive – Independent	4	4
Mr. D. Muthusamy (Member)	Non-Executive – Independent	4	2
Mr.B.Sriramulu(Member) (Upto 01.07.2015)	Non-Executive – Non-Independent	4	1
Mr.S.Srinivasaragavan (Chairman) (Upto 07.10.2015)	Independent – Non Executive	4	1

The Managing Director, Statutory Auditors of the Company have also attended the committee meetings. The minutes of the Audit Committee meetings were circulated to the Board, where it was discussed and taken note of. The Audit Committee considered and reviewed the accounts for the year 2015-16, before it was placed in the Board.

5. NOMINATION AND REMUNERATION COMMITTEE

The role, powers and functions of the Nomination and Remuneration Committee are as per Section 178 of the Companies Act, 2013 and the guidelines set out in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Terms of Reference of this Committee are as required by SEBI - under Regulation 19 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Committee comprises of the following Directors as its Members.

Name of the Member	Category	No of Meetings held during the year	No of Meetings attended
Mr. D.Muthusamy (Chairman)	Independent – Non-Executive	1	1
Mr. V.S.Pattabiraman (Member)	Independent – Non-Executive	1	1
Mr.Y.Shivaram Prasad (Member)	Non Independent -Executive	1	1
Mr.B.Sriramulu (Member) (Upto 01.07.2015)	Non Independent -Executive	1	—
Mr.S.Srinivasaragavan (Chairman) (Upto 07.10.2015)	Independent – Non-Executive	1	—

This Committee would basically look into and determine the Company's policy on remuneration packages to the Executive Directors and Senior Management. During the year under review, the committee had met one time on 10th February 2016.

This Committee shall identify the persons, who are qualified to become Directors of the Company / who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and also shall carry out evaluation of every Director's performance. The Committee shall also formulate the criteria for determining qualifications, positive attributes, independence of the Directors and recommend to the Board a Policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees.

The remuneration policy of the Company is annexed to the Board's Report and can also be accessed on the Company's website at [http:// www.servalakshmi.in/Facilities.html](http://www.servalakshmi.in/Facilities.html)

6. DETAILS OF REMUNERATION

Managing Director

Details of remuneration paid to the Managing Director for the year ended 31st March 2016 -Nil

The Managing Director is not entitled to sitting fees for attending meetings of the Board and Committees.

The Company does not pay remuneration to any of its Non-Executive Directors except sitting fees for attending the Board/Committee Meeting(s).

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The details of sitting fees paid during the year ended 31st March 2016 to the Non-Executive Directors are as under:

Name of the Director	Sitting fees paid during the financial year ended 31st March 2016
Mr. D.Muthusamy	40,000
Mr. V.S.Pattabiraman	40,000
Mr.S.Srinivasaragavan	10,000
Mr.B.Sriramulu	10,000
Mrs.Nithya Nirupma	5,000

The Company currently does not have any stock option scheme.

7. STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Committee comprises of the following Directors as its Members:

Name of the Member	Category	No of Meetings held	No of Meetings attended
Mr. D.Muthusamy	Independent – Non-Executive	4	4
Mr.B.Sriramulu (Upto 01.07.2015)	Non Independent – Non –Executive	4	1
Mr.S.Srinivasaragavan (Upto 07.10.2015)	Independent – Non-Executive	4	1
Mr.Y.Shivaram Prasad	Independent – Non-Executive	4	2

Mr.Y.Shivaram Prasad, Managing Director of the Company is the Compliance Officer.

The Committee deals in matters relating to transfer and transmission of shares, issue of duplicate share certificates, review of dematerialized shares, redressing of investors complaints such as non-receipt of shares, non-receipt of dividends etc. and other matters related to shares.

The Share Transfers/Transmissions approved by the Committee are placed at the Board Meetings from time to time.

The total number of complaints received and replied to the satisfaction of shareholders during the year ended on 31st March 2016 was nil. There were no outstanding complaints as on 31st March 2016.

Pursuant to clause 47(c) of the Listing Agreement/ Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from Practicing Company Secretary has been submitted to the Stock Exchanges within stipulated time.

8. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report forms part of this Annual Report.

9. GENERAL BODY MEETINGS

Location and time for last three AGMs held and the special resolutions, if any, passed thereat, are as given below:

Year	Date of meeting	Time of meeting	Venue of meeting	Special Resolution
2012-13	25.09.2013	9.30 am	Hotel RR INN, Old Madurai Road, Tirunelveli Junction, Tirunelveli-627001	Nil
2013-14	26.09.2014	9.30 am	Kodaganallur Village, Vaduganpatti Post, I.C.Pettai, Tirunelveli - 627010	<ol style="list-style-type: none"> 1) Appointment of Mr.V.S.Pattabiraman, Mr. D. Muthusamy and Mr. S. Srinivasaragavan as Independent Directors 2) Alteration of Articles of Association 3) Borrowing powers u/s 180(1)(c); 4) Mortgage of assets u/s 180(1)(a) 5) Mr. R. Ramswamy re-designated as Executive Chairman of the Company 6) Mr. Y. Shivaram Prasad appointed as Managing Director of the Company 7) Enter into contracts and/ or agreements with related parties
2014-15	25.09.2015	9.15 am	Hotel RR INN, Old Madurai Road, Tirunelveli Junction, Tirunelveli-627001	Nil

10. EGM AND POSTAL BALLOT:

During the year no EGM was held. No resolutions were put through postal ballot last year. No Special resolution requiring postal ballot is being proposed.

11. MEANS OF COMMUNICATION

The quarterly results and annual results are published in newspapers viz. Business Standars(English) and Makkal Kural(Tamil))and simultaneously posted on the Company's website (www.servalakshmi.in).

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There were no specific presentations made to the institutional investors or to the analysts during the financial year 31st March 2016.

12. GENERAL SHAREHOLDER INFORMATION

(i) Date of AGM	30th September 2016
Time	10.00 A.M
Venue	Hotel RR INN, Old Madurai Road, Tirunelveli Junction, Tirunelveli - 627001.
(ii) Financial Calender	
Year Ending	31st March 2017
AGM in	September 2017
First Quarter Results	1st week of August 2016
Second Quarter Results	1st week of November 2016
Third Quarter Results	1st week of February 2017
Annual Results	4th week of May 2017
Dividend Payment Date	Not Applicable
Date of Book Closure	From 24.09.2016 to 30.09.2016 (Both days inclusive)
Listing on Stock Exchanges	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai -400001 NSE Limited Exchange Plaza, 5th Floor, Plot no 'G' Block Bandra – Kurla Complex, Bandra (East) , Mumbai- 400051

Stock Code	
BSE Limited (BSE)	5334014
National Stock Exchange of India Limited (NSE)	SERVALL
International Security Identification Number	INE431L01016
Listing Fee	Annual Listing Fees for the year 2016-17 were not paid to National Stock Exchange of India Limited and BSE Limited

Stock Market Price Data for the year 2015 - 2016:

MARKET PRICE DATE: Monthly high / low of market price of the Company's Equity Shares traded on the BSE Ltd. (BSE) and National Stock Exchange of India Limited (NSE) during the last financial year was as under:

Month	Bombay Stock Exchange		National Stock Exchange	
	High	Low	High	Low
April 2015	3.98	1.81	3.90	1.80
May 2015	4.83	3.28	4.65	3.25
June 2015	4.48	3.07	4.25	2.70
July 2015	4.04	2.58	4.00	2.60
August 2015	3.99	2.85	3.90	2.50
September 2015	3.61	2.60	3.40	2.70
October 2015	4.28	2.76	4.40	3.00
November 2015	4.3	3.4	4.45	3.10
December 2015	4.1	3.37	4.30	3.30
January 2016	4.15	3.24	4.25	3.25
February 2016	3.62	2.97	3.65	3.15
March 2016	3.86	3.39	3.50	3.15

Registrar & Share Transfer Agent: (For both physical & demat segments)**Head Office**

M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S.Marg, Bhandup (West), Mumbai - 400 078, Ph: 022 – 25963838, Mail: .mumbai@linkintime.co.in

Branch

Link Intime India Private Limited, "Surya" 35, Mayflower Avenue (II Floor), Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641 028. Ph: 0422-2314792 / 2315792, E mail : coimbatore @linkintime.co.in

Details of Compliance Officer

Mr.Y.Shivaram Prasad
 Managing Director
 Servalakshmi Paper Limited,
 31(Old No.10- Z), Bharathi Park, 7th Cross, Saibaba Colony, Coimbatore-641011
 Phone:0422-4333344 email: secretarial@servalakshmi.in.

In order to facilitate investor servicing, the Company has designated an email: secretarial@servalakshmi.in commonly for registering complaints from investors.

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Reconciliation of Share Capital Audit

A qualified Company Secretary carried out Reconciliation of Share Capital audit as per regulation 55A of SEBI (Depositories & Participants) Regulations 1996, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Reconciliation of Share Capital confirms that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL & CDSL.

Share Transfer System

The company's shares being in compulsory dematerialised (demat) list are transferable through the depository system. Shares in physical form are processed by the Registrar and Transfer Agents, Link Intime India Private Limited and approved by the Stakeholders Relationship Committee of the Company. The share transfers are processed within a period of 15 days from the date of receipt of the transfer documents by Link Intime India Private Limited, if the documents are complete in all respects. All requests for dematerialization of shares are processed and confirmed to the depositories, NSDL and CDSL, within 15 days. The Stakeholders Relationship Committee generally meets when necessary for approving share transfers and other related activities.

Shareholding Pattern as on 31.03.2016

Shares held by	No. of holders	No. of Shares	% of shareholding
Promoters and Associates	5	22424000	52.01
Corporate Bodies	131	7522640	17.45
Individuals	5963	12557653	29.12
Clearing Member	47	485711	1.13
Non Residents	39	123642	0.29
Total	6185	43113656	100.00

Distribution of Shareholding as on 31.03.2016:

Shareholding range	No. of holders	No. of Shares	% of shareholding
1 - 500	4305	849726	1.98
501 - 1000	799	690127	1.60
1001 - 2000	481	776131	1.80
2001 - 3000	164	433131	1.00
3001 - 4000	97	358112	0.84
4001 - 5000	80	381149	0.88
5001 - 10000	123	907451	2.10
10001 and above	136	38717829	89.80
Total	6185	43113656	100

Dematerialisation of shares and liquidity as on 31st March 2016:

Shares of the Company can be held and traded in Electronic form. As stipulated by SEBI, the shares of the Company are accepted in the Stock Exchanges for delivery only in dematerialized form.

Particulars	No. of Holders	No. of Shares	% of shareholding
National Securities Depository Limited	3662	34602667	80.26
Central Depository Services Limited	2521	8003041	18.56
Physical Form	2	507948	1.18
Total	6185	43113656	100.00

The Company's shares are regularly traded on BSE Limited and National Stock Exchange of India Limited.

Outstanding GDRs/ADRs/Warrants or any Convertible Instruments and their likely impact on equity.

There are no outstanding warrants or any convertible instruments. The Company has not issued GDR/ADR.

Plant location: Servalakshmi Paper Limited
Kodaganallur Village,
Vaduganpatti Post,
I.C.Pettai,
Tirunelveli - 627 010.

Address for Correspondence:

Address for Communication:	
For annual report, transfer of physical/ demat shares, dividend on shares, change of address & other query relating to shares of the Company and investors correspondence, may be addressed to	Link Intime India Private Limited "Surya", 35, May Flower Avenue, IIInd Floor, Behind Senthil Nagar, Sowripalayam Road Coimbatore 641 028, Tamilnadu Ph: 0422 - 2314 792 / 2315792 E-Mail: coimbatore@linkintime.co.in Contact Person: Mrs. S. Dhanalakshmi
Contact address for Shareholder:	Mr. Y. Shivaram Prasad, Managing Director 31 (Old No. 10-Z) Bharathi Park, VII Cross, Saibaba Colony, Coimbatore - 641011, Tamilnadu
Phone Fax Email Website Address	0422 - 4333344 0422 - 4333355 secretarial@servalakshmi.in www.servalakshmi.in

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Disclosures

- a) Disclosures on materially significant related party transactions that may have potential conflict with the interest of the Company at large.

All the related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013. The materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large have been disclosed in Form No AOC- 2 which forms a part of the Director's Report.

The details of the transactions with Related Party are provided in the Company's financial statements in accordance with the Accounting Standards. All Related Party Transactions are presented to the Audit Committee and the Board. A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

Kindly refer to the notes forming part of accounts for the details of Related Party Transactions.

- b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authorities, on any matter relating to capital markets, during the last three years.

No Penalties, strictures was imposed on the Company by Stock Exchanges or SEBI or any Statutory Authorities, on any matter relating to capital markets, during the last three years.

- c) Whistle Blower policy and affirmation that no personnel have been denied access to the Audit Committee.

The Company conducts regular 'Employee Meets' every quarter where all the employees have a chance to interact directly with the Managing Director of the company. Besides this the Managing Director is reachable via e-mail and landline. Any issue brought to the attention of the management, whether resolved or not is placed before the Audit Committee for its perusal and comments.

- d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements.

The Company has complied with all the mandatory requirements of Corporate Governance norms as enumerated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has not adopted any non-mandatory requirements.

- e) Web link where policy for determining "material" subsidiaries is disclosed.

The Company has not framed any Material Subsidiaries policy.

- f) Web link where policy on dealing with related party transactions.

The Company has framed Related Party Transaction Policy and the same is placed on the Company's website and the weblink for the same is <http://www.servalakshmi.in/Facilities.html>

- g) Disclosure of commodity price risks and commodity hedging activities.

During the financial year ended, the Company did not engage in commodity hedging activities

- h) Disclosure on accounting treatment.

In the preparation of the financial statements, the Company has followed the accounting standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

i) Disclosure on risk management

Business risk evaluation and management is an ongoing process within the Company. The assessment is periodically examined by the Board.

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 except Regulation 17(1) (a) & Regulation 19(1)(b).

Certificate from CEO and CFO

The CEO and CFO certification of the financial statements for the year has been submitted to the Board of Directors, in its meeting held on 30th May 2016 as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Code of conduct

The Board of Director laid down a code of conduct for all Board members and senior management of the Company. All Board members and senior management personnel have affirmed their compliance with the code of conduct for the year under review.

Code for prevention of Insider Trading

The Company has framed a code of conduct for monitoring the trading done by Insiders based on SEBI(Prohibition of Insider Trading) Regulations, 2015. This code is applicable to all director/ officers/ designated employees.

The Company has also formulated "The code of Practices and procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSII)" in compliance with SEBI(Prohibition of Insider Trading) Regulations, 2015.

Declaration for code of conduct

I hereby affirm and state that all Board Members and Senior Management personnel of the Company have given a declaration in accordance with Regulations 26(3) of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015/ clause 49(II) (D) of the Listing Agreement and I hereby affirm compliance with the said code of conduct for the financial year 2015-16.

Coimbatore
9th August 2016

(Sd/-)
R. RAMSWAMY
Executive Chairman

SERVALAKSHMI PAPER LIMITED

Certificate on Corporate Governance for the year ended 31.03.2016

To

The Members of M/s. Servalakshmi Paper Limited

Dear Sir,

I have examined the compliance conditions of Corporate Governance by M/s.Servalakshmi Paper Limited (The Company) for the financial year ended March 31, 2016 as stipulated under Clause 49 of the Listing Agreement and SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanation given to me and based on the representations made by the Directors and Management I certify that the Company has complied with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement and SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 except to the extent as stated below.

- The Company has not appointed a Woman Director after the resignation of Mrs.Nithya Nirupama on 13.07.2015 as required under Clause 49 of the Listing Agreement and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- The composition of the Nomination and Remuneration Committee of the Company is not in compliance with Clause 49 of the Listing Agreement and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I further state that such compliance is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Coimbatore
9th August, 2016

Soundarajan G
Company Secretary in Practice
FCS No.: 13993; C P No. 4993

Independent Auditor's Report

To
The Members of M/s. Servalakshmi Paper Limited,

Report on the Financial Statements

We have audited the accompanying financial statements of SERVALAKSHMI PAPER LIMITED ('the Company'), which comprise the balance sheet as at 31 March 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, and ensuring their operating effectiveness for the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

SERVALAKSHMI PAPER LIMITED

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- b) in the case of Statement of Profit and Loss, the Loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matter in the Notes 3 to the financial statements:

Note 3 in the financial statements which indicate that the Company has accumulated losses and its net worth has been fully eroded, the Company has incurred a net cash loss during the current and previous year(s) and, the Company's current liabilities exceeded its current assets as at the balance sheet date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) The Erosion of Net Worth as described under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - (f) on the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (g) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

- (h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigations which would impact its financial position - **Refer Note 25 to the financial statements.**
 - ii. the Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **S. Krishnamoorthy & Co.,**
Chartered Accountants
(Registration No. 001496S)
Sd/- K. Raghu
Partner, Auditor
Membership No.11178

Place : Coimbatore
Date : 30.05.2016

Annexure to the Auditors' Report

The Annexure A referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements

In terms of the information and explanation sought by us and given by the Company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we report the following:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets of the company have been physically verified by the management during the year at reasonable intervals having regard to size of the company and nature of its assets. No material discrepancies were noticed on such verification.
 - (c) The title deeds of immovable properties are held in the name of the company.
- (ii) The stocks of finished goods, stores, spares and raw materials of the Company at its different locations have been physically verified by the management during the year at reasonable intervals. In our opinion the frequency of such verification is reasonable and material discrepancies noticed on physical verification of inventory has resulted in difference in book stock and physical stock (physical stock being lower than book stock) aggregating to Rs.31.51 Crores. Such difference has been fully reckoned appropriately in the statement of profit and loss (as part of increase/decrease in work-in-progress and /or consumption of raw materials/other materials as the case may be) and as such the physically verified stocks have been considered in the financial statements for the period ended 31st March,2016.
- (iii) The company has not granted any secured / unsecured loan to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The company has not granted any loan to directors or to any other person in whom the director is interested or given any guarantee or provided any security in connection with any loan taken by the director or such other person as contemplated in section 185 of the Act. The company has also not given any loan or made any investment as contemplated under section 186 of the Act.
- (v) The company has not accepted deposits during the year.
- (vi) We have broadly reviewed the records maintained by the company pursuant to the rules made by the Central Government for the maintenance of the cost records u/s. 148(1), of the Act. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (vii) (a) The company is not regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities .No undisputed arrears of outstanding statutory dues as on 31.03.2016, for a period of more than 6 months from the date they become payable except the following;

Name of the Statute	Nature of the dues	Amount (Rs in Lakhs)	Period to which the amount relates	Due Date	Date of Payment	Remarks, if any
Service Tax Act, 1994	Service Tax	0.22	Apr-15	05/05/2015		Not Paid
		1.92	May-15	05/06/2015		Not Paid
		2.77	Jun-15	05/07/2015		Not Paid
		3.39	Jul-15	05/08/2015		Not Paid
		2.07	Aug-15	05/09/2015		Not Paid
Income Tax Act, 1961	TDS	0.92	May-15	07/06/2015	04/05/2016	
		2.83	Jun-15	07/07/2015	04/05/2016	
		3.84	Jul-15	07/08/2015		Not Paid
		1.75	Aug-15	07/09/2015		Not Paid
Total		19.71				

- (b) There are no dues of Income Tax or Sales tax or Service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute except the following;

Name of Statute	Nature of Dues	Amount (Rs in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Customs Act, 1962	Customs Duty	125.09	April 2012 to October 2012	CESTAT, Chennai
Tamil Nadu Tax on Consumption or Sale of Electricity Act, 2003	Electricity Tax	231.43	April 2012 March 2016	Supreme Court of India
Tamil Nadu Value Added Tax Act, 2006	Non Reversal of ITC	28.98	April 2013 March 2014	Madurai Bench of High Court of Madras
	Penalty	28.93		
Tamil Nadu Value Added Tax Act, 2006	Value Added Tax	3.00	November '12 to March '13	Joint Commissioner(CT), Tirunelveli Division
Total		417.43		

SERVALAKSHMI PAPER LIMITED

(viii) The company has not availed any loan from financial institutions and has not issued any debentures till date. The Company has defaulted in repayment of dues to banks as under.

Amount (Rs. in lakhs)

Name of the Bank	Period of Default	Principal	Interest
Indian overseas Bank-Term Loans	41 Months	4668.53	4889.25
Bank of India-Term Loans	41 Months	2541.85	3612.14
State Bank of India-Term Loan (Now assigned to M/s. Pridhvi Asset Recons & Securitisation co. Ltd)	41 Months	2123.85	2731.24
Indian overseas Bank - CC	13 Months		448.11
Bank of India - CC	33 Months		247.64
State Bank of India - CC (Now assigned to M/s. Pridhvi Asset Recons & Securitisation co. Ltd)	36 Months		235.94
Total		9334.23	12164.32

- (ix) The company has not raised any money by initial public offer or further public offer (including debt instruments) and has not availed any term loan during the year.
- (x) Based upon the audit procedures performed and information and explanation given by the management, no frauds by the company or on the company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) The Company has not paid managerial remuneration during the year.
- (xii) In our opinion the company is not a nidhi company.
- (xiii) In our opinion transactions with related parties are in compliance with section 177 and 188 of the Act. Details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) The company has not entered into non cash transactions with directors or persons connected with them.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **S. Krishnamoorthy & Co.,**
Chartered Accountants
(Registration No. 001496S)
Sd/- K. Raghu
Partner, Auditor
Membership No.11178

Place : Coimbatore
Date : 30.05.2016

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of SERVALAKSHMI PAPER LIMITED ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and

SERVALAKSHMI PAPER LIMITED

dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S. Krishnamoorthy & Co.,**
Chartered Accountants
(Registration No. 001496S)

Sd/- K. Raghu
Partner, Auditor
Membership No.11178

Place : Coimbatore

Date : 30.05.2016

Balance Sheet

as at 31st March, 2016

(₹ in lakhs)

	Note No.	As at 31 March 2016	As at 31 March 2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	2	4,311.37	4,311.37
(b) Reserves and surplus	3	(28,264.03)	(15,525.55)
(2) Share application money pending allotment			
(3) Non-current liabilities			
(a) Long-term borrowings	4	15,621.03	21,077.08
(b) Long-term provisions	5	10.06	21.90
(4) Current liabilities			
(a) Short-term borrowings	6	5,172.46	4,293.79
(b) Trade payables	7	5,015.61	6,559.54
(c) Other current liabilities	8	27,485.85	15,442.42
TOTAL		29,352.35	36,180.55
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets	9		
(i) Tangible assets		22,561.21	23,144.01
(ii) Intangible assets		—	—
(iii) Capital work-in-progress		—	329.45
(b) Long-term loans and advances	10	78.50	74.85
(c) Other non-current assets	11	466.21	466.21
(2) Current assets			
(a) Inventories	12	536.28	4,746.13
(b) Trade receivables	13	842.34	2,431.33
(c) Cash and cash equivalents	14	290.40	439.54
(d) Short-term loans and advances	15	2,662.17	2,656.61
(e) Other current assets	16	1,915.24	1,892.42
TOTAL		29,352.35	36,180.55

As per our report of even date attached
For **S. KRISHNAMOORTHY & Co.**,
Chartered Accountants
(Registration No.001496S)

(Sd.) K.RAGHU

Partner, Auditor
Membership No.11178

(Sd) R. RAMSWAMY
Executive Chairman

(Sd) Y. SHIVARAM PRASAD
Managing Director

Coimbatore
30.05.2016

SERVALAKSHMI PAPER LIMITED

Statement of Profit and Loss for the year ended 31st March 2016

(₹ in lakhs)

Note No. 31 March 2016 31 March 2015

I. Revenue from operations			
(a) Sale of products	17	4,742.27	16,666.98
(b) Sale of Power		511.34	1,523.47
Less: Excise Duty		215.17	208.73
		5,038.44	17,981.73
II. Other income	18	239.71	639.37
III. Total Revenue (I + II)		5,278.15	18,621.09
IV. Expenses:			
Cost of materials consumed	19	5,364.92	11,746.53
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	20	1,304.07	(173.09)
Employee benefits expense	21	541.84	804.60
Finance costs	22	4,720.83	3,212.74
Depreciation and amortization expense	9	1,031.39	1,027.12
Other expenses	23	2,540.82	6,212.89
Total expenses		15,503.87	22,830.78
V. Profit before exceptional and extraordinary items and tax (III-IV)		(10,225.72)	(4,209.69)
VI. Exceptional items	35	(2,512.76)	—
VII. Profit before extraordinary items and tax (V - VI)		(12,738.48)	(4,209.69)
VIII. Extraordinary Items		—	—
IX. Profit before tax (VII- VIII)		(12,738.48)	(4,209.69)
X. Tax expense:			
(1) Current tax		—	—
(2) Deferred tax		—	—
XI. Profit (Loss) for the period (VII-VIII)		(12,738.48)	(4,209.69)
XII. Earnings per equity share:			
(1) Basic		(29.55)	(9.76)
(2) Diluted		(29.55)	(9.76)

As per our report of even date attached
For **S. KRISHNAMOORTHY & Co.,**
Chartered Accountants
(Registration No.001496S)

(Sd.) K.RAGHU

Partner, Auditor
Membership No.11178

(Sd) R. RAMSWAMY
Executive Chairman

(Sd) Y. SHIVARAM PRASAD
Managing Director

Coimbatore
30.05.2016

Cash Flow Statement for the year ended 31st March 2016

(₹ in lakhs)

Particulars	31 March 2016	31 March 2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before Tax and Extra Ordinary Items	(12,738.48)	(4,209.69)
Adjustments for :		
Depreciation	1,031.39	1,027.12
Interest Received	(14.45)	(50.22)
Interest Paid	7,233.60	3,212.74
Loss / (Profit) on Sale of Assets	—	(0.15)
Operating Profit before Working Capital Changes:	(4487.94)	(20.21)
Adjustments for :		
Trade and Other Receivables	1,588.99	(576.01)
Inventories	4,209.85	17.97
Loans and Advances	(32.03)	(613.98)
Current Liabilities etc	(1,659.91)	1,526.77
Cash Generated from Operations before Extraordinary Items	(381.04)	334.55
Prior year income	—	—
Income Tax at Earlier Year	—	—
NET CASH FROM OPERATING ACTIVITIES Total A	(381.04)	334.55
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(119.14)	(677.88)
Sale of Fixed Assets	—	0.15
Interest Received	14.45	50.22
Expenses Capitalised	—	—
NET CASH USED IN INVESTING ACTIVITIES Total B	(104.69)	(627.50)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital and Share Premium	—	—
Unsecured loans	(226.42)	1,415.50
Proceeds from Bank Borrowing	870.83	1,150.56
Interest Paid	(307.82)	(2,255.47)
NET CASH USED IN FINANCING ACTIVITIES Total C	336.59	310.60
NET INCREASE IN CASH OR CASH EQUIVALENTS	(149.14)	17.64
Cash and Cash Equivalents [Opening Balance]	439.54	421.91
Cash and Cash Equivalents [Closing Balance]	290.40	439.54

As per our report of even date attached
For **S. KRISHNAMOORTHY & Co.**,
Chartered Accountants
(Registration No.001496S)

(Sd.) K. RAGHU

Partner, Auditor
Membership No.11178

(Sd) R. RAMSWAMY
Executive Chairman

(Sd) Y. SHIVARAM PRASAD
Managing Director

Coimbatore
30.05.2016

SERVALAKSHMI PAPER LIMITED

Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

1. Significant Accounting Policies

1.1 Basis of Preparation

The financial statements have been prepared to comply with the Generally Accepted Accounting Principles in India including the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The accounting policies have been consistently applied by the company and are consistent with those used in the previous year.

The company's operating results continue to be materially affected by various factors, such as, high cost of servicing the debt, technical problem in stabilisation of the production at the units, higher cost of raw materials, import of newsprint, causing pricing pressures and general economic slow down. The company has incurred a net loss of Rs.12,739 lakhs during the year ended March 31, 2016 and as of that date, the Company's total liabilities exceeded its total assets by Rs.23,953 lakhs. The company faced severe working capital problems due to non-implementation of CDR scheme by the banks. The company has initiated various steps to improve its operation performance/liquidity, remove bottlenecks in the process, modify the product mix to maximise the realisation.

1.2 Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

1.3 Revenue Recognition

Income and expenditure are accounted on accrual basis. Sales are accounted net of Sales Tax Material consumption is net of Cenvat. Excise duty in respect of Goods manufactured other than what is in Stock at the close of the period is accounted at the time of removal of goods from the factory for sales.

1.4 Fixed Assets and depreciation

Fixed assets are stated at cost net of CENVAT less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation on fixed assets has been provided on straight line method adopting the useful lives of the respective fixed assets, and the residual value in accordance with Schedule II to the Companies Act, 2013. In respect of additions during the year, depreciation has been provided on pro-rata basis.

Assets acquired under Hire Purchase agreements are capitalized and finance charges thereon are expensed over the period of agreements.

1.5 Inventory valuation

Inventories have been valued at lower of cost and net realizable value

- a) Finished goods are valued at lower of cost of production and net realizable value inclusive of excise duty.

Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

- b) Semi finished goods are valued at cost of raw materials and other manufacturing cost on historical basis.
- c) Raw materials, components and stores and spares are valued at identifiable cost.

1.6 Foreign Currency Transactions

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of respective transactions. Resultant gain/loss at the time of realization/payment are recognized separately. Carrying value of foreign currency assets and liabilities are restated at the year end rates.

1.7 Impairment of assets

Impairment in the value of Fixed Assets is recognized to the extent that the recoverable amount of an asset is less than its carrying value and would be charged to Profit and Loss account as prescribed by ICAI in AS 28.

1.8 Borrowing costs

Borrowing costs that are directly attributable to the cost of acquisition, construction, or production of a qualifying asset is capitalized as part of that asset, other borrowing costs are recognized as expense in the period in which they are incurred.

1.9 Employee benefits

Gratuity liability is a defined benefit obligation and is provided for based on actuarial valuation performed in accordance with the projected unit credit method, as at the balance sheet date.

Contributions to Provident fund, Employee pension fund and cost of other benefits are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. The Company has no further obligations under the plan beyond its monthly contributions.

1.10 Segment Reporting

- a) The company has identified two business segment viz. Paper and Power. Revenue and expenses have been identified to respective segments on the basis of operating activities of the enterprises. Revenue and expenses which related to the enterprises as a whole and are not allocable to a segment on reasonable basis have been disclosed as unallocated revenue and expenses.
- b) Segment assets and liabilities represent assets and liabilities in respective segments. Other assets and liabilities that cannot be allocated to a segment on a reasonable basis have been disclosed as unallocated assets and liabilities.
- c) Inter segment revenue / expenditure is recognized at cost.

1.11 Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

SERVALAKSHMI PAPER LIMITED

Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

1.12 Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

1.13 Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure incurred during the construction period which is neither related to the construction activity nor incidental thereto is charged to the Profit and Loss Account.

1.14 Micro Small and Medium Enterprises Development Act 2006: Based on the intimations received from the Suppliers regarding their status under the MSMED Act 2006, the following information is furnished. Payment to MSME suppliers is as per the terms of purchase.

Principal amount and interest due thereon remaining unpaid :

	31st March 2016	31st March 2015
Principal amount and the interest due thereon remaining unpaid as at the end of accounting year	NIL	NIL
Amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of payment made to the supplier beyond the appointed day during each accounting year	NIL	NIL
Amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED ACT, 2006 not paid)	NIL	NIL
Amount of interest accrued and remaining unpaid at the end of accounting year	NIL	NIL
Amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure u/s 23.	NIL	NIL

Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

2 Share Capital

a) Authorised

(₹ in lakhs)

Particulars	31st March 2016	31st March 2015
5,00,00,000 Equity shares of ₹ 10/- each (Pre. Year: 50000000 Equity Shares of ₹ 10 each)	5,000.00	5,000.00
Total	5,000.00	5,000.00

b) Issued Subscribed and paid up

Particulars	31st March 2016	31st March 2015
43113656 Equity Shares of ₹ 10/- each fully paid up (Pre. Year: 43113656 Equity Shares of ₹ 10 each)	4,311.37	4,311.37
Total	4,311.37	4,311.37

c) Reconciliation

Particulars	31st March 2016		31st March 2015	
	Equity Shares		Equity Shares	
	Number	Value	Number	Value
Shares outstanding at the beginning of the year	43113656	4,311.37	43113656	4,311.37
Shares Issued during the year	—	—	—	—
Shares bought back during the year	—	—	—	—
Shares outstanding at the end of the year	43113656	4,311.37	43113656	4,311.37

d) Details of Shareholder holding more than 5%

Particulars	31st March 2016		31st March 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Danalakshmi Paper Mills Pvt. Ltd.	13583302	31.51	13583302	31.51
Servall Engineering Works Pvt. Ltd.	4835030	11.21	4835030	11.21

SERVALAKSHMI PAPER LIMITED

Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

e) Share allotment details for last five years

Particulars	Year (Aggregate No. of Shares)				
	2015-16	2014-15	2013-14	2012-13	2011-12
Equity Shares :					
Fully paid up pursuant to contract(s) without payment being received in cash	—	—	—	—	—
Fully paid up by way of bonus shares	—	—	—	—	—
Shares bought back	—	—	—	—	—

3 Reserves and Surplus

Particulars	31st March 2016	31st March 2015
a) Securities Premium		
Opening Balance	7,290.63	7,290.63
Add:		
Receipts during the year on allotment	—	—
Closing Balance	7,290.63	7,290.63
b) Surplus		
Opening balance	(22,816.18)	(18,588.24)
(+) Net Profit/(Net Loss) For the current year	(12,738.48)	(4,209.69)
(+) Transfer from Reserves	—	—
(-) Proposed Dividends	—	—
(-) Interim Dividends	—	—
(-) Transfer to Reserves	—	—
(-) Earlier year Depreciation as per Companies act 2013*	—	18.25
Closing Balance	(35,554.66)	(22,816.18)
Total	(28,264.03)	(15,525.55)

* Please refer Note 9

Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

4. Long Term Borrowings

Particulars	31st March 2016	31st March 2015
A) Secured Loans		
1. Term Loans		
a) From Banks		
Term Loan from Nationalised Bank (Secured by 1st charge on the Fixed Assets and 2nd Charge on the Current Assets of the Company on pari passu basis)		
Indian Overseas Bank	7,270.79	9,900.87
Bank of India	3,711.80	5,119.55
(All the above loans are personally guaranteed by Executive Chairman and Managing Director)		
b) From other parties	3,359.97	4,543.93
Secured by 1st charge on the fixed assets and 2nd charge on the current assets of the Company on paripassu basis and also personally guaranteed by Managing Director.		
	14,342.56	19,564.35
2. Long term maturities of finance lease obligations		
Hire purchase Loan		
(Secured by Hypothecation of Specific Vehicles)	4.86	14.04
Less: Unmatured Financial Charges	0.12	1.46
	4.74	12.58
B) Unsecured Loans		
i) Trade Deposits *	72.65	79.65
ii) Other Long Term Loan**	1,201.08	1,420.50
	1,273.73	1,500.15
Total	15,621.03	21,077.08

The interest rate for the current financial year for the term loans ranges from 11% to 15.50%

All the term loans are repayable in 21 quarterly installments commencing from July'13.

SERVALAKSHMI PAPER LIMITED

Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

State Bank of India has assigned its dues to M/s.Pridhvi Asset Reconstruction and Securitisation Co Ltd during the previous financial year, the dues are shown under borrowings from " other parties"

Period and amount of continuous default relating to above loans

Secured Loans	Period of Default	Principal (Rs. Lakhs)	Interest (Rs. Lakhs)
a) Term Loans - Banks			
Indian Overseas Bank	41 Months	4668.53	4889.25
Bank of India	41 Months	2541.85	3612.14
b) Term Loans - From Other Parties			
	41 Months	2123.85	2731.24

* Trade deposits are received from dealers with whom the company has running agreement.

** Promoters Contribution under CDR scheme - Rs.277.50 lakhs from Mr. R Ramswamy, Rs.1143 lakhs from M/s.Servall Engineering works (P) Ltd.,

5 Long Term Provision

Particulars	31st March 2016	31st March 2015
Provision for employee benefits - [Gratuity (unfunded)]	10.06	21.90
Total	10.06	21.90

6 Short Term Borrowings

Particulars	31st March 2016	31st March 2015
Secured		
a) From Banks*		
i) Cash Credit from Nationalised Bank	4294.34	3649.67
(All the above loans are secured by first charge on the current assets and 2nd charge on the fixed assets of the company on pari passu basis and also personally guaranteed by Managing Director)		
ii) From other banks (Secured by fixed assets)	234.00	—
b) From other parties* - Cash Credit	644.12	644.12
Total	5172.46	4293.79

* Please refer Note 4

Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

Period and amount of default

Secured Loans	Period of Default	Interest (Rs. Lakhs)
a) Cash Credit from Nationalised Banks		
Indian Overseas Bank	13 Months	448.11
Bank of India	33 Months	247.64
b) Cash Credit from Other Parties		
	36 Months	235.94

7 Trade Payables

Particulars	31st March 2016	31st March 2015
Dues to Micro, Small and Medium Enterprises	—	—
Dues to others	5,015.61	6,559.54
Total	5,015.61	6,559.54

8 Other Current Liabilities

Particulars	31st March 2016	31st March 2015
(a) Current maturities of long-term debt	5,221.78	9334.23
(b) Current maturities of finance lease obligations	8.31	9.10
(c) Interest accrued and due on borrowings	12,164.32	5,238.55
(d) Advance from customers	205.69	258.43
(e) Employee benefits payable	127.91	187.05
(f) Statutory dues including Provident fund and TDS	359.45	302.39
(g) Provision for expenses	64.16	112.67
(h) Long term borrowings due and outstanding	9,334.23	—
Total	27,485.85	15442.42

Notes to the Financial Statements
9 Fixed Assets

(₹ In Lakhs)

Sl. No	Particulars	Gross Block					Depreciation / Amortisation					Net Block	
		Balance as at 1st April 2015	Additions	Acquired through business combinations	Other Adjustments	Disposals	Balance as at 31st March 2016	Balance as at 1st April 2015	Depreciation for the year	On disposals	Depreciation for earlier years**	Balance as at 31st March 2016	Balance as at 31st March 2015
a	Tangible Assets												
	Own Assets												
	Land	238.94	—	—	—	—	238.94	—	—	—	—	238.94	238.94
	Buildings	5,202.34	—	—	—	—	5,202.34	785.63	206.75	—	992.38	4,209.96	4,416.71
	Plant and Equipment*	23,428.19	445.59	—	—	—	23,873.78	5,043.72	802.83	—	5,846.55	18,027.23	18,384.48
	Electrical Fittings	38.86	—	—	—	—	38.86	23.27	2.56	—	25.83	13.03	15.59
	Furniture and Fixtures	24.60	1.89	—	—	—	26.49	8.78	2.88	—	11.66	14.83	15.83
	Office equipment	48.99	0.83	—	—	—	49.82	26.60	5.53	—	32.13	17.69	22.39
	Computers	59.08	0.28	—	—	—	59.36	50.13	3.61	—	53.74	5.62	8.95
	Vehicles	38.57	—	—	—	—	38.57	14.95	3.93	—	18.87	19.69	13.59
	Assets Taken on Financial lease												
	Plant and Equipment	12.47	—	—	—	—	12.47	2.12	1.50	—	3.62	8.86	10.35
	Vehicle	8.34	—	—	—	—	8.34	1.18	1.80	—	2.99	5.35	17.19
	Total	29,100.38	448.59	—	—	—	29,548.97	5,956.36	1,031.39	—	6,987.76	22,561.21	23,144.01
b	Intangible Assets												
	Total	—	—	—	—	—	—	—	—	—	—	—	—
c	Capital Work In Progress												
	Capital Work In Progress	329.45	—	—	(329.45)	—	—	—	—	—	—	—	329.45
	Total	329.45	—	—	(329.45)	—	—	—	—	—	—	—	329.45
	Grand Total	29,429.83	448.59	—	(329.45)	—	29,548.97	5,956.36	1,031.39	—	6,987.76	22,561.21	23,473.46
	Previous year**	28,752.21	891.84	—	(213.96)	—	29,429.83	4,911.25	1,027.12	0.26	5,956.36	23,473.46	23,840.96

* Plant and equipment include cost- Rs.335.94 lakhs (Previous Year - Rs.335.94 lakhs) Written Down Value Rs.250.11lakhs (Previous Year -Rs.267.27 lakhs) in respect of capital expenditure incurred by the company, the ownership of which does not vest in the company.

** Effective 1st April 2014, the company has revised the useful life of fixed assets based on schedule II to the companies act,2013 for the purpose of providing depreciation on fixed assets. Accordingly, the carrying amount of such assets as on 1st April 2014 has been depreciated over the remaining revised useful life of the fixed assets. Consequently, the depreciation for the year ended 31st March 2015 is lower to the extent of Rs.377.94 lakhs. Further the amount of Rs.18.25 lakhs representing the carrying amount of assets with revised useful life as NIL, has been charged to the opening reserves as on 1st April 2014 pursuant to the companies act 2013.

Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

10 Long Term Loans & Advances

Particulars	31st March 2016	31st March 2015
a. Capital Advances		
Unsecured, considered good	37.26	39.92
b. Security Deposits		
Unsecured, considered good	41.24	34.93
Total	78.50	74.85

11 Other Non Current Assets

Particulars	31st March 2016	31st March 2015
Unamortized expenses		
a) IPO Expenses	439.46	439.46
b) Preliminary Expenses	26.75	26.75
Total	466.21	466.21

12 Inventories

Particulars	31st March 2016	31st March 2015
(a) Raw-Materials at cost	85.37	3,015.94
(b) Work-in-progress at estimated cost	127.27	1,146.69
(C) Finished Goods at net realisable value	18.52	303.17
(d) Stores and spares at cost	305.12	280.33
Total	536.28	4746.13

13 Trade Receivables

Particulars	31st March 2016	31st March 2015
(Unsecured, considered good)		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	566.86	49.17
Other debts	275.48	2,382.16
Total	842.34	2,431.33

SERVALAKSHMI PAPER LIMITED

Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

14 Cash & Cash Equivalents

Particulars	31st March 2016	31st March 2015
a. Cash on hand	7.46	4.31
b. Cheques, drafts on hand	—	—
c. Balances with banks		
in Current accounts	22.94	123.07
Demand Deposits (less than 3 months maturity)*	260.00	2.74
d. Others bank balances		
Long term deposits with maturity of more than 3 months but less than 12 months*	—	113.68
Deposits with maturity of more than 12 months *	—	195.76
* <i>Margin Money deposits</i>		
Total	290.40	439.54

15 Short-Term Loans & Advances

Particulars	31st March 2016	31st March 2015
Balances with central excise, customs and sales tax (Unsecured, considered good)	1,784.53	1,826.06
Others (Unsecured, considered good)		
Advance for purchases to related parties	271.46	750.01
Advance for purchases - others	522.45	
Other Advances	80.03	69.02
Prepaid Expenses	3.70	11.52
Total	2,662.17	2,656.61

16 Other Current Assets

Particulars	31st March 2016	31st March 2015
Income Receivable	38.90	216.65
Incentives Receivable	1,800.60	1,602.64
Tds Receivable	8.50	10.36
Others	67.24	62.78
Total	1,915.24	1,892.42

Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

17 Revenue from operations

Particulars	31st March 2016	31st March 2015
Sale of products	4,745.37	16,698.03
Less:		
Rebate and Discount	3.10	31.05
Total	4,742.27	16,666.98

18 Other income

Particulars	31st March 2016	31st March 2015
(a) Interest Income	14.45	50.22
(b) Other non-operating income		
i) Exchange rate fluctuations	—	53.75
ii) Exports benefits	14.95	127.11
iii) Govt. incentives	197.96	375.90
iv) Agri Income*	0.33	7.21
v) Others	12.02	25.18
Total	239.71	639.37

* Net of Expenses

19 Cost of Raw materials consumed

Particulars	31st March 2016	31st March 2015
Opening stock of Raw materials	2,582.86	2,728.55
Purchases and Handling Charges	2,861.98	11,600.84
Less: Closing stock of Raw materials	(79.92)	(2,582.86)
Total	5,364.92	11,746.53

SERVALAKSHMI PAPER LIMITED

Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

20 Changes in inventories of finished goods work-in-progress and Stock-in-Trade

Particulars	31st March 2016	31st March 2015
Opening stock of finished goods	303.17	187.24
Opening stock of work in progress	1,146.69	1,089.53
Less : Closing stock of finished goods	(18.52)	(303.17)
Closing stock of work in progress	(127.27)	(1146.69)
Total	1,304.07	(173.09)

21 Employee benefits expense

Particulars	31st March 2016	31st March 2015
(a) Salaries and incentives	470.67	716.08
(b) Contributions to -		
(i) Provident fund	23.05	26.98
(ii) ESI Contribution	6.16	
(iii) Superannuation scheme		
(c) Gratuity fund contributions	4.86	9.36
(d) Staff welfare expenses	37.10	52.18
Total	541.84	804.60

22 Finance costs

Particulars	31st March 2016	31st March 2015
(a) Interest Expenses	4,714.57	3,204.61
(b) Other Borrowing Cost	6.26	8.13
(c) Applicable net gain / loss on foreign currency transaction and translation.	—	—
Total	4,720.83	3,212.74

Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

23 Other expenses

Particulars	31st March 2016	31st March 2015
Consumption of Stores and spares	92.06	498.14
Consumption of Packing Materials	70.77	307.28
Power and Fuel	1,640.22	4,190.40
Rent	2.24	2.61
Repairs & Maintenance	48.54	152.42
Insurance	20.75	26.91
Rates and taxes, excluding taxes on income	36.70	28.94
Bank Charges	41.93	199.98
Postage, Telegram & Telephone	20.11	15.00
Travelling expenses	25.33	47.16
Professional & Consultancy Charges	55.57	40.38
Directors Sitting fees	1.05	1.50
Increase / (decrease) of Excise duty on Inventory	(8.29)	4.78
Net gain/loss on foreign currency transaction and translation	—	—
Miscellaneous expenses	213.15	201.00
Payments to the auditor as		
a) Statutory Audit Fee	3.00	3.00
b) Tax Audit Fee	1.00	1.00
c) Income tax Representation	1.00	1.00
d) for other services	1.00	0.50
Commission on sales	250.14	247.52
Packing and Forwarding Expenses	24.55	243.36
Total	2,540.82	6,212.89

24 Capital and other Commitments and Export obligations

Particulars	2015-16 (₹ Lakhs)	2014-15 (₹ Lakhs)
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	331.46	500.23
b) Export obligations on account of duty free import of capital goods	1,528.21	1,717.11

SERVALAKSHMI PAPER LIMITED

Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

25 Contingent Liability

Particulars	2015-16 (₹ Lakhs)	2014-15 (₹ Lakhs)
Claims against the company not acknowledged as debts:		
a) Customs Duty related matters	125.09	125.09
b) Sales Tax related matters	60.91	57.86
c) Electricity Tax related matters	231.43	85.67

26 Raw Materials Consumed

Particulars	2015-16 (₹ Lakhs)	2014-15 (₹ Lakhs)
Raw materials	5,364.92	11,746.53
Coal	1,450.71	4,050.47
Total	6,815.63	15,797.00

27 Consumption of Raw Materials, Coal, Stores & Spares

Particulars	2015-16		2014-15	
	% of Total Consumption	Value (₹ Lakhs)	% of Total Consumption	Value (₹ Lakhs)
Imported	66	4,613.34	45	7,500.90
Indigenous	34	2,363.06	55	9,103.08
Total	100	6,976.40	100	16,603.98

28 Finished Goods

Particulars	2015-16 (₹ Lakhs)	2014-15 (₹ Lakhs)
a) Opening Stock		
News print	1.05	48.31
Printing and Writing	302.12	130.84
b) Closing Stock		
News print	—	1.05
Printing and Writing	18.52	302.12

29 Turnover details

Particulars	2015-16 (₹ lakhs)	2014-15 (₹ lakhs)
Various grades of paper	4530.20	16489.31

Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

30 Value of Imports (Calculated on CIF basis)

Particulars	2015-16	2014-15
Raw Materials	2,416.44	6,341.39
Coal	—	532.93
Components and Spare parts	37.90	227.67

31 Expenditure in Foreign Currencies (on accrual basis)

Particulars	2015-16	2014-15
Travelling	—	1.55

32 Earnings in foreign currency (on accrual basis)

Particulars	2015-16	2014-15
Export – FOB Value	276.07	3,896.99

33 Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days basic salary (based on last drawn remuneration) for each completed year of service. Arrangements are being made for the funding of the gratuity scheme.

The following tables summaries the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

I. PRINCIPAL ACTUARIAL ASSUMPTIONS

[Expressed as weighted averages]	2015-16	2014-15
Discount Rate	8.00%	7.80%
Salary escalation rate	4.00%	4.00%
Attrition rate	1.00%	1.00%
Expected rate of return on Plan Assets	—	—

All amounts are in lakhs

II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:

PVO as at the beginning of the period	21.90	13.87
Interest Cost	1.06	1.21
Current service cost	5.99	4.54
Past service cost - (non vested benefits)	—	—
Past service cost - (vested benefits)	—	—

SERVALAKSHMI PAPER LIMITED

Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

Benefits paid	(16.71)	(1.17)
Actuarial loss/(gain) on obligation (balancing figure)	(2.18)	3.47
PVO as at the end of the period	10.06	21.90
III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
Fair value of plan assets as at the beginning of the period	—	—
Expected return on plan assets	—	—
Contributions	16.71	1.17
Benefits paid	(16.71)	(1.17)
Actuarial gain/(loss) on plan assets [balancing figure]	—	—
Fair value of plan assets as at the end of the period	—	—
IV. ACTUAL RETURN ON PLAN ASSETS		
Expected return on plan assets	—	—
Actuarial gain (loss) on plan assets	—	—
Actual return on plan assets	—	—
V. ACTUARIAL GAIN / LOSS RECOGNIZED		
Actuarial gain / (loss) for the period - Obligation	2.18	(3.47)
Actuarial gain / (loss) for the period- Plan Assets	—	—
Total (gain) / loss for the period	(2.18)	3.47
Actuarial (gain) / loss recognized in the period	(2.18)	3.47
Unrecognized actuarial (gain) / loss at the end of the year	—	—
VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES		
Present value of the obligation	10.06	21.90
Fair value of plan assets	—	—
Difference	10.06	21.90
Unrecognised transitional liability	—	—
Unrecognised past service cost - non vested benefits	—	—
Liability recognized in the balance sheet	10.06	21.90
VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:		
Current service cost	5.99	4.54
Interest Cost	1.06	1.21
Expected return on plan assets	—	—
Net actuarial (gain)/loss recognised in the year	(2.18)	3.47
Transitional Liability recognised in the year	—	—
Past service cost - non-vested benefits	—	—
Past service cost - vested benefits	—	—
Expenses recognized in the statement of profit and loss	4.86	9.21

Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET

Opening net liability	21.90	13.87
Expense as above	4.86	9.21
Contribution paid	(16.71)	(1.17)
Closing net liability	10.06	21.90

IX. AMOUNT FOR THE CURRENT PERIOD

Present Value of obligation	10.06	21.90
Plan Assets	—	—
Surplus (Deficit)	(10.06)	(21.90)
Experience adjustments on plan liabilities -(loss)/gain	2.45	(0.38)
Experience adjustments on plan assets -(loss)/gain	—	—

34. Borrowing costs

Amount of borrowing costs capitalized during the year is NIL (Previous year NIL).

35. Exceptional Items

Interest has been reworked at original sanctioned rates consequent to banks withdrawing support through CDR package. The differential interest of Rs.2512.76 pertaining the earlier years are shown as exceptional items.

36. Government Incentives

Based on the Tamil Nadu Government's incentive scheme for development of southern districts the company is eligible for refund of sales tax. The company has recognised a sum of Rs.197.96 Lakhs (Previous year Rs.375.90 Lakhs) as income under the scheme which is to be sanctioned.

37. Segmental Reporting

a) Primary Segments

(₹ In lakhs)

Particulars	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
	31st March 2016	31st March 2015	31st March 2016	31st March 2015	31st March 2016	31st March 2015
	Paper		Power		Total	
1 Segment Revenue						
a) External Customers	4527.10	16458.25	511.34	1523.47	5038.44	17981.72
b) Internal Segment			964.53	3660.79	964.53	3660.79
Sub Total	4527.10	16458.25	1475.87	5184.26	6002.97	21642.51

SERVALAKSHMI PAPER LIMITED

Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

Particulars	Year ended 31st March 2016	Year ended 31st March 2015	Year ended 31st March 2016	Year ended 31st March 2015	Year ended 31st March 2016	Year ended 31st March 2015
		Paper		Power		Total
Less: Inter Segment revenue Net Sales / Income from operations			964.53	3660.79	964.53	3660.79
Add: Other Income attributable to Segments	239.71	639.37			239.71	639.37
Total Segment Revenue	4766.81	17097.62	511.34	1523.47	5278.15	18621.09
2 Segment Results						
(Profit (+) / Loss (-) Before tax and Interest)	(7043.86)	(1644.48)	(973.78)	647.53	(8017.64)	(996.95)
Less:						
i) Interest					4720.83	3212.74
ii) Other unallocable expenditure net of unallocable come						
iii) Prior period / extra ordinary items						
Profit Before Tax	(7043.86)	(1644.48)	(973.78)	647.53	(12738.48)	(4209.69)
Provision for Taxation						
Profit After Tax	(7043.86)	(1644.48)	(973.78)	647.53	(12738.48)	(4209.69)
3 Other Information						
Segment Assets	22023.73	28192.90	6783.91	7446.71	28807.64	35639.61
Unallocated Corporate Assets						
Total Assets	22023.73	28192.90	6783.91	7446.71	28807.64	35639.61
Segment Liabilities	37460.18	17078.45	213.74	213.47	37673.92	17291.92
Unallocated Corporate Liabilities						
Total Liabilities	37460.18	17078.45	213.74	213.47	37673.92	17291.92
Capital Expenditure (excludes unallocated capital expenditure Rs.NIL lakhs (previous year Rs NIL lakhs)	119.14	677.88	0.00	0.00	119.14	677.88
Depreciation (excludes unallocated capital expenditure Rs.NIL lakhs. (previous year Rs.NIL lakhs)	0.00	0.00	0.00	0.00	0.00	0.00

Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

b. Geographical Segment

(₹ in lakhs)

Particulars	India		Rest of the world		Total	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Revenue from external customers	4757.28	13598.23	281.16	4383.49	5038.44	17981.72

38. Related Party Disclosures:

1. Key Managerial Personnel : Sri. R. Ramswamy, Executive Chairman
Sri Y. Shivaram Prasad, Managing Director
2. Relatives of Key Managerial Personnel : Smt. R. Jeevanlatha, Wife of Sri. R. Ramswamy
Smt. Shobana S Prasad, Daughter of Sri. R. Ramswamy
Smt. Nirupa Sriramulu, Daughter of Sri. R. Ramswamy
3. Other related parties : Danalakshmi Paper Mills (P) Ltd.,
Servall Engineering Works (P) Ltd
Techno Spin (P) Ltd.,
Vijayalakshmi Paper Mills
Sri Lakshmi Engineering Works

(₹ in lakhs)

Nature of transaction	31.03.2016			31.03.2015		
	Key Managerial Personnel	Relatives of Key Managerial personnel	Other Related parties	Key Managerial Personnel	Relatives of Key Managerial personnel	Other Related parties
Promoters Contribution under CDR scheme	—	—	—	277.50	—	1143.00
Purchases	—	—	121.81	—	—	427.94
Receiving of services	—	—	4.11	—	—	20.69
Remuneration	—	—	—	100.27	—	—
Amount payable	74.19	—	224.58	75.18	—	417.47
Amount receivable	—	—	270.55	—	—	305.92

SERVALAKSHMI PAPER LIMITED

Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

39. Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related Parties:

Particulars	Transactions	
	31st March 2016	31st March 2015
1. Purchases		
Other Related Parties		
Servall Engineering works (P) Ltd	121.81	416.82
2. Receiving of Services		
Other Related Parties		
Servall Engineering works (P) Ltd	1.52	17.87
Sri Lakshmi Engineering Works	2.59	2.82
3. Promoters Contribution Under CDR Scheme		
Other Related Parties		
Servall Engineering works (P) Ltd	0.00	1143.00
Key Management Personnel		
Sri. R. Ramswamy	0.00	277.50
4. Remuneration		
Key Management Personnel		
Sri. R. Ramswamy	0.00	48.17
Sri. Y. Shivaram Prasad	0.00	48.17
Sri. Y. Rambabu (Resigned from 09.08.2014)	0.00	3.94

40. Earnings Per Share

Particulars	2015-16	2014-15
Net loss as per the profit and loss account (₹ Lakhs)	(12738.48)	(4209.69)
Weighted average number of equity shares outstanding as at the end of the year	43113656	43113656
Basic and diluted earnings per share (in ₹)	(29.55)	(9.76)

Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

41. Deferred tax Liability/Asset

In accordance with Accounting Standard 22 "Accounting for taxes on Income" (AS 22) issued by the Institute of Chartered Accountants of India, deferred tax assets and liability should be recognized for all timing differences in accordance with said standards. However, considering the present financial position and requirement of the Accounting Standard regarding certainty / virtual certainty, the same is not provided for as an asset (net). However, the same will be reassessed at a subsequent Balance Sheet date and will be accounted for in the year of certainty / virtual certainty in accordance with the aforesaid Accounting Standard.

42. Disclosure of Revenue from Sales Transactions as per Para 10 of Accounting Standard 9

The total excise duty for the Period excluding the excise duty related to difference between the closing stock and opening stock has been disclosed as a reduction from turnover. Excise duty related to difference between the closing stock and opening stock has been disclosed in Schedule 17 "Other Expenditure".

43. Unhedged foreign currency exposure

The foreign currency exposures at the end of the period that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	Amount (Foreign currency)		Amount (₹ In Lakhs)	
	2016	2015	2016	2015
Trade receivable	17077.35 USD	86959.70 USD	11.32	54.43
Loan payable	—	—	—	—
Trade payable	1284360.06 USD	1132893.40 USD	851.92	709.08

44. Previous year comparatives

Figures for the previous year have been regrouped wherever necessary to conform to the classification for the Period.

As per our report of even date attached
For **S. KRISHNAMOORTHY & Co.,**
Chartered Accountants
(Registration No.001496S)
(Sd.) K. RAGHU
Partner, Auditor
Membership No.11178

(Sd) R. RAMSWAMY
Executive Chairman

(Sd) Y. SHIVARAM PRASAD
Managing Director

Coimbatore
30.05.2016

If undelivered please return to

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